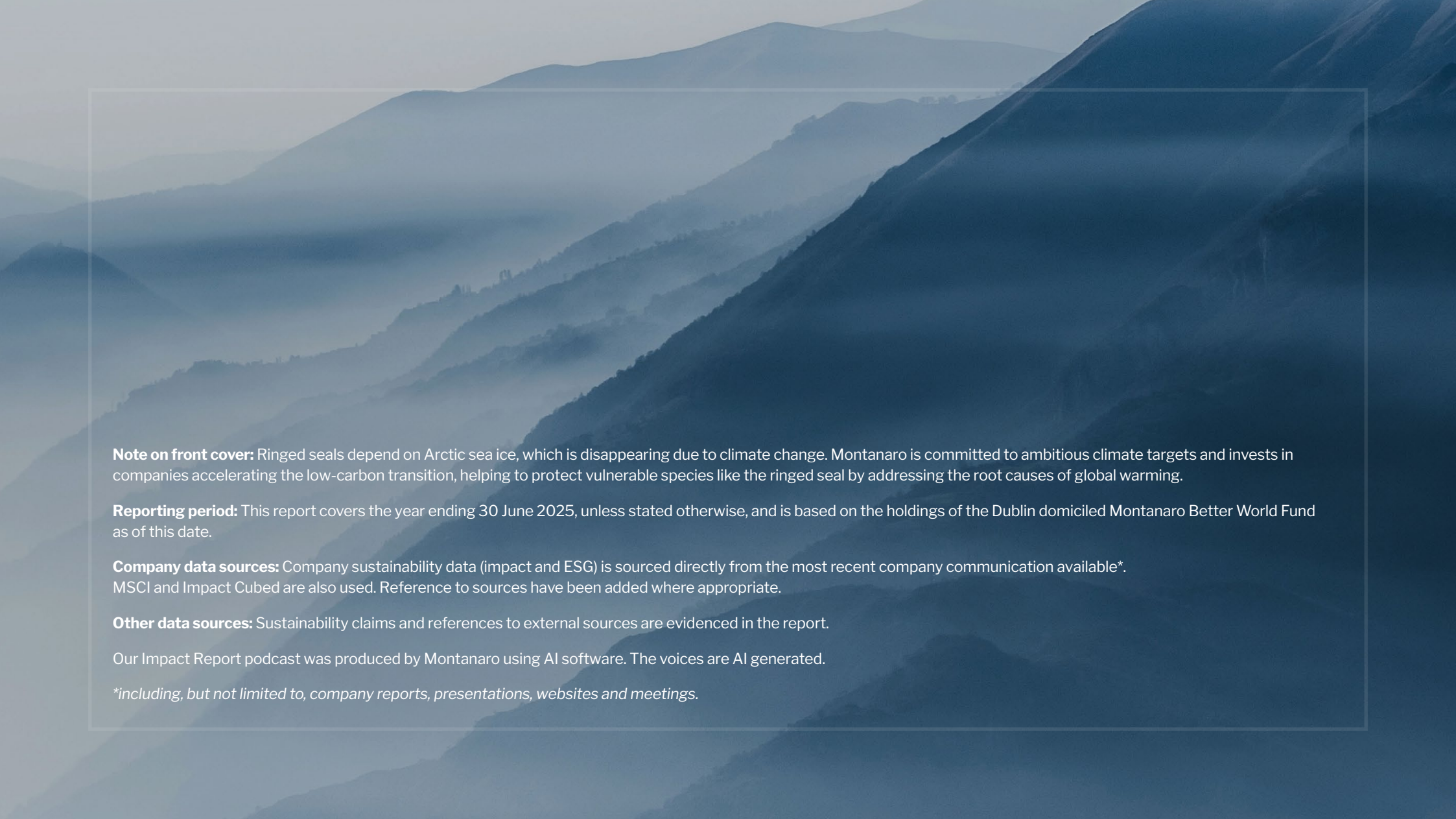


MONTANARO

Better World Fund

Impact Report 2025





Note on front cover: Ringed seals depend on Arctic sea ice, which is disappearing due to climate change. Montanaro is committed to ambitious climate targets and invests in companies accelerating the low-carbon transition, helping to protect vulnerable species like the ringed seal by addressing the root causes of global warming.

Reporting period: This report covers the year ending 30 June 2025, unless stated otherwise, and is based on the holdings of the Dublin domiciled Montanaro Better World Fund as of this date.

Company data sources: Company sustainability data (impact and ESG) is sourced directly from the most recent company communication available*. MSCI and Impact Cubed are also used. Reference to sources have been added where appropriate.

Other data sources: Sustainability claims and references to external sources are evidenced in the report.

Our Impact Report podcast was produced by Montanaro using AI software. The voices are AI generated.

**including, but not limited to, company reports, presentations, websites and meetings.*

Welcome

A very warm welcome to our eighth Impact Report.

The past year has not been without its challenges, not only in terms of investment returns but also in the face of growing scepticism towards sustainability in general. Some have thrown in the towel. This is not our way. We continue to try to get better and better. We are on a long journey and will not be turning back.

Recently, our UK-domiciled Better World Fund (BWF) was awarded the “Sustainability Impact” label by the Financial Conduct Authority (FCA). This is a huge achievement after a herculean effort by the team and many months of working constructively with the FCA. Our Dublin-domiciled Better World Fund remains “Article 9” under SFDR. Both are symbols of excellence in the world of impact investing. Meanwhile, we are beginning to see green shoots of recovery emerge in terms of performance.

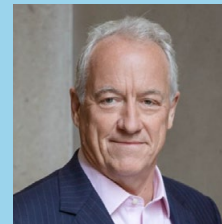
Our Impact Report is a reminder of the importance of the Better World Fund and the difference we can make. Investing in smaller companies gives us direct access to decision makers, enabling us to act as a catalyst for change. In this report, we highlight real-world outcomes delivered by our investee companies — from treating disease to reducing emissions, cleaning water and expanding access to education and employment.

The case studies in this report speak for themselves.

As we look ahead, the deadline for the UN Sustainable Development Goals (UN SDGs) looms. Five years to go. The world is behind - but it is not too late. The companies in BWF's portfolio are part of the solution.

For the first time, you can listen to a podcast of our Impact Report on page 4. I do hope that you like it.

Our efforts are only possible in partnership with you. Thank you for your support.



Charles Montanaro July 2025

We have been a B Corporation since 2019,
among the first asset managers to be
certified in Europe

Certified



This company meets the
highest standards of social
and environmental impact

Corporation

Awards

2024

ESG Champion of the Year Award

FINANCIAL TIMES & INVESTORS' CHRONICLE

Best ESG Global Equity Fund

MAINSTREET PARTNERS

**Best Small & Sustainable Investment
Boutique – UK**

WEALTH & FINANCE INTERNATIONAL

**ESG Integration Excellence
Award – UK**

WEALTH & FINANCE INTERNATIONAL

Highly Commended Impact Report

PENSIONS FOR PURPOSE

2023

ESG Company of the Year

FINANCIAL TIMES & INVESTORS' CHRONICLE

Best ESG Investment Fund: Impact

ESG INVESTING

2022

Best Equity Global Small & MidCap Fund

LIPPER

Highly Commended Impact Fund

INVESTMENT WEEK

2021

Best Impact Equity Fund

INVESTMENT WEEK

2020

Highly Commended Impact Fund

INVESTMENT WEEK

2019

Best Impact Fund

INVESTMENT WEEK

Best Impact Report

PENSIONS FOR PURPOSE

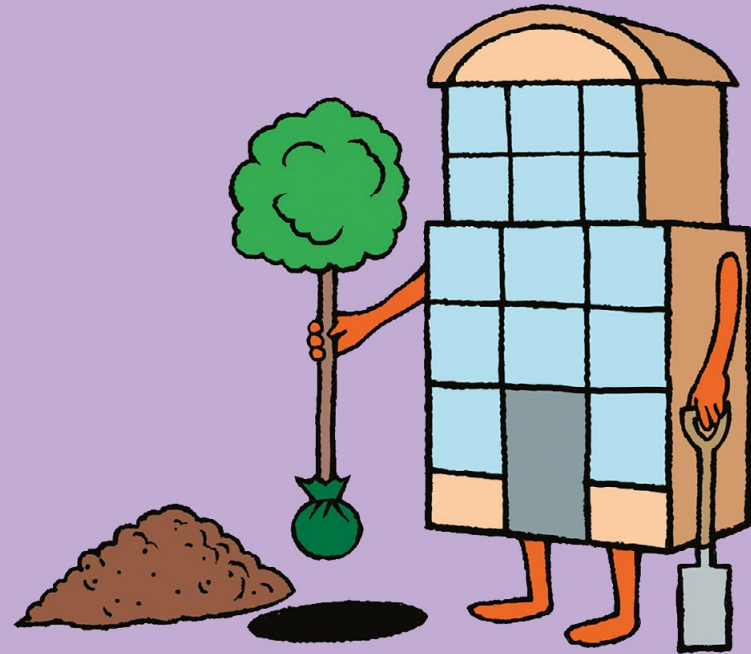


Listen to a podcast of our Impact Report

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Investing for Impact



Why invest in Small & MidCap for impact?

Active managers in Small & MidCap can deliver real impact:

95% of the world's listed companies are Small & MidCap:

- most investors concentrate on just the largest 600 stocks

Smaller companies power the sustainability transition:

- many deliver essential products and services driving system change

Small & MidCap are where many impact leaders can be found:

- more aligned to positive outcomes and the UN SDGs

Direct engagement with senior management:

- we speak to the CEOs who are the decision makers, enabling collaborative and influential share ownership



The UN SDGs

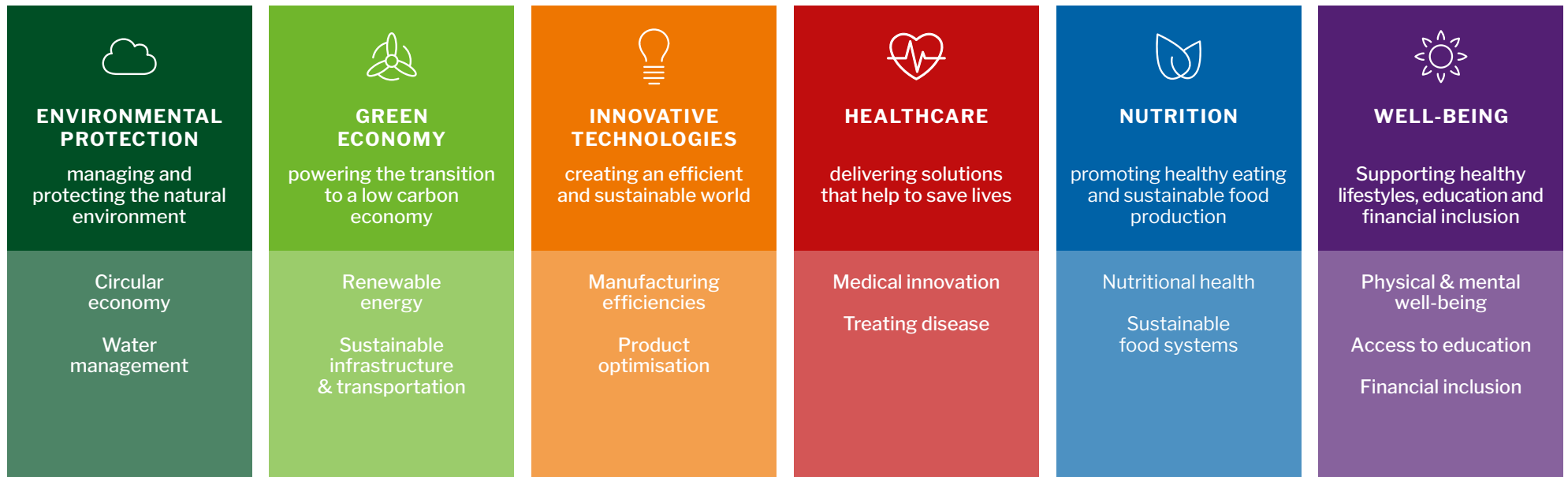
Achieving the UN Sustainable Development Goals will require an estimated US\$90 trillion in investment by 2030, with private capital playing a critical role in financing sustainable development.



¹ Global Reporting Initiative, United Nations Global Compact & Principles for Responsible Investment. (2018). *In Focus: Addressing Investor Needs in Business Reporting on the SDGs*.

Our Impact Themes

To build a more sustainable economy, capital needs to be shifted from the “**old world**” – of fossil fuels, energy intensive manufacturing, struggling healthcare systems – to a “**new world**” – of companies whose products offer better outcomes for people and the planet. Our impact themes help us to identify companies that can deliver this new “**better world**”.



How we are making an impact

Theme	Focus	Objective	Intended Impact
 ENVIRONMENTAL PROTECTION	<ul style="list-style-type: none"> • Circular economy • Water management 	Promote recycling, reduce landfill and improve water efficiency and treatment	Increased recycling, reduced pollution and improved water security
 GREEN ECONOMY	<ul style="list-style-type: none"> • Renewable energy • Sustainable infrastructure & transport 	Accelerate clean energy, decarbonise transport and infrastructure	Lower GHG emissions, increased renewable capacity and greater climate resilience
 INNOVATIVE TECHNOLOGIES	<ul style="list-style-type: none"> • Manufacturing efficiencies • Product optimisation 	Improve industrial processes and extend product lifecycles	Reduced emissions and waste and more circular, efficient production
 HEALTHCARE	<ul style="list-style-type: none"> • Medical innovation • Treating disease 	Advance therapies and improve treatment for communicable and non-communicable diseases	Better health outcomes, with reduced mortality and healthcare costs
 NUTRITION	<ul style="list-style-type: none"> • Nutritional health • Sustainable food systems 	Improve dietary health and food production sustainability	Healthier populations, less food waste and improved food system resilience
 WELL-BEING	<ul style="list-style-type: none"> • Physical & mental well-being • Access to education • Financial inclusion 	Support safety, mental health, education and financial inclusion	Safer communities, better quality of life and financial inclusion

A year of real progress

It has been a year of real progress for the Better World Fund and Montanaro.

The Fund's award of the new Sustainability Disclosure Requirements (SDR) "Sustainability Impact" label was a marathon not a sprint, but an important validation of the strength and rigour of our approach.

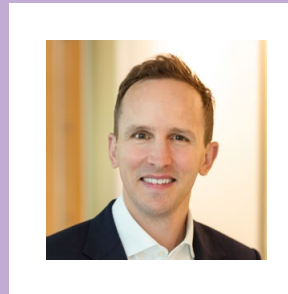
We also once again won "ESG Champion of the Year" from the FT and Investors' Chronicle - a memorable night for the whole team (we ended up on stage singing alongside Rugby World Champion Will Greenwood!).

Engagement is at the heart of what we do. Over the past year, we've been on the ground with company management teams — in factories, labs and offices — challenging them to raise their ambitions and supporting their efforts to deliver real-world impact. We know that every business is different, but each can play a vital role in achieving the Fund's goals.

I remain active as a UKSIF Board Member — helping to advance a credible sustainable finance agenda at a time when many things "green" face political headwinds.

Finally, we continue to work closely with our clients — helping to align their investment priorities including net zero, water scarcity, social challenges and healthcare pressures.

There is much still to do. But the direction of travel is clear — and momentum is building.

A handwritten signature in white ink, appearing to read 'Ed Heaven'.

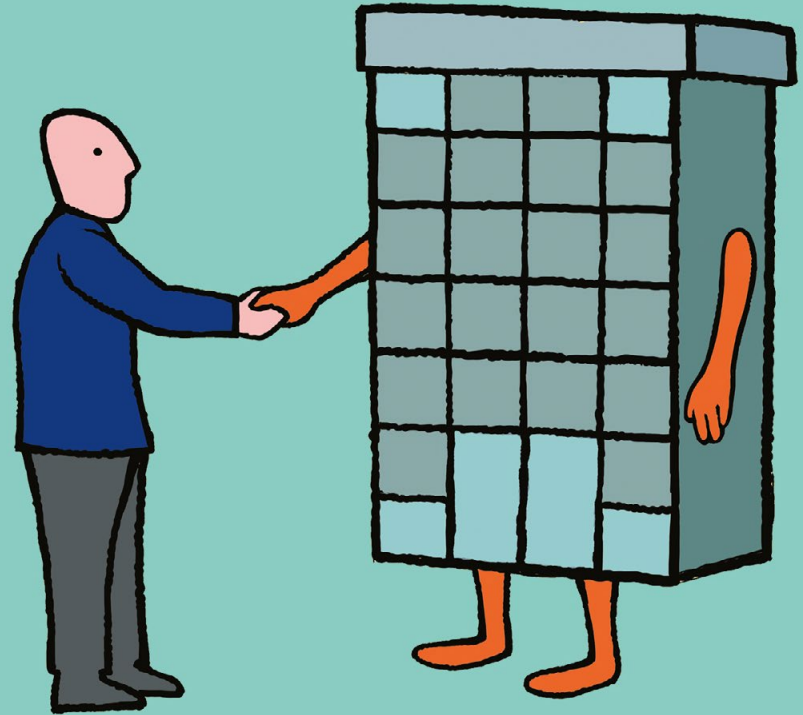
Ed Heaven,
Chief of Staff / Head of Sustainable Investments

A surgeon in green scrubs and a surgical mask is wearing a VR headset. They are holding a small black controller in their right hand. The background shows bright surgical lights and a blurred view of another person in the foreground.

“Surgical Science empowers safer surgeries by enabling physicians to train and be assessed in realistic, risk-free environments – improving healthcare and saving patient lives.”

Tom Englund, CEO, Surgical Science

The Better World Funds



Investment objective

The investment objective is to deliver attractive returns by investing sustainably in companies that are helping to solve some of the world's greatest challenges and to make the world a better place. We manage two “Better World” Funds:

MONTANARO BETTER WORLD FUND (DUBLIN)

Launched April 2018

SFDR: Article 9

Ethical exclusions

Six impact themes

100% SBTi covered by 2040

Net Zero by 2050

<https://montanaro.co.uk/fund/montanaro-better-world-fund/>

WS MONTANARO BETTER WORLD FUND (UK)

Launched January 2020

SDR: Sustainability Impact

Ethical exclusions

Six impact themes

100% SBTi covered by 2040

Net Zero by 2050



<https://montanaro.co.uk/fund/ws-montanaro-better-world-fund/>

RATINGS

Square Mile: AAA rating

RSMR: Responsible rating

FundCalibre: Elite Radar

Impact Team

Our Impact Team leads the Fund's impact analysis, thematic research, impact approvals and reporting. We work hand in hand with our 15-strong Investment Team to integrate impact across the investment process.



Adam Montanaro
FUND MANAGER



Andrea Shen
SENIOR ANALYST



Kate Hewitt
ESG & IMPACT
SPECIALIST



Ed Heaven
CHIEF OF STAFF / HEAD
OF SUSTAINABLE
INVESTMENTS



Harriet Topham
PRODUCT /
SUSTAINABILITY
SPECIALIST

Portfolio review

Over the past year, we have worked hard to improve the diversification and risk balance of the Better World Fund, while staying true to our impact and return goals. The Fund's strict impact criteria mean the Portfolio inevitably differs from the benchmark, which can raise factor risks.

Encouragingly, lowering overall correlations within the portfolio has meant that stock-specific risk has now become the main driver of returns — exactly what we aim for as bottom-up stock pickers focused on impact investing.

The Portfolio's beta has dropped from 1.2 in June 2022 to 0.95 at the end of June 2025, reflecting reduced sensitivity to broad market moves. Throughout, we have carefully considered stock correlation when adding new holdings, seeking companies that enhance growth, deliver impact and also reduce the Portfolio's overall risk profile.

It has been a tough period for SMidCap and impact, but green shoots are emerging:

- **Valuation opportunity:** smaller companies trade at historic discounts despite strong fundamentals.
- **Shifting dynamics:** market leadership is broadening, amid a more supportive macro backdrop for Growth and Quality.
- **Active advantage:** inefficiencies in SmallCap create opportunities for active managers.
- **Intentional allocation:** dedicated SmallCap exposure is attractive as investors diversify away from US LargeCap.

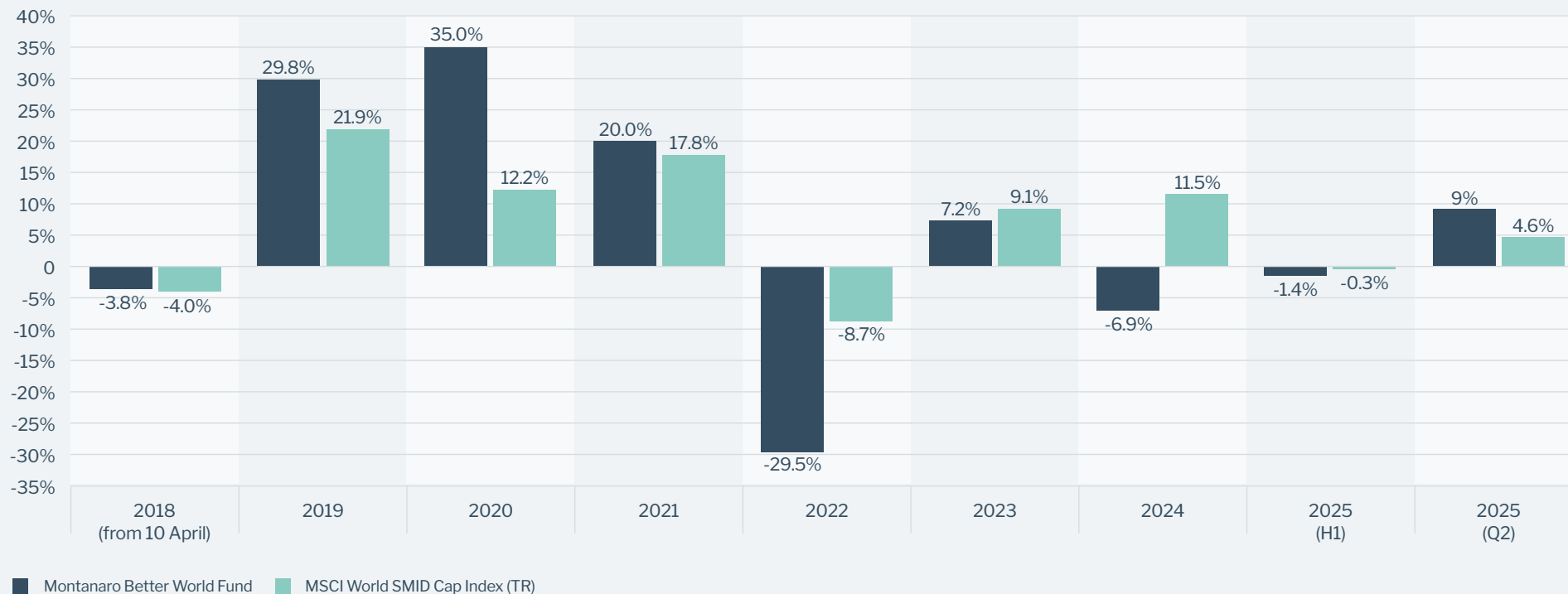


A stylized, handwritten signature in white ink, appearing to read 'Adam'.

Adam Montanaro
Fund Manager

Performance

Montanaro Better World Fund - Returns (GBP share class)



Source: Internal (Calculations), BNY Mellon (NAVs). Note: Returns for the Better World Fund are net of Fees. Based on the GBP Share class of the Irish-domiciled Better World Fund. The MSCI World SMID Cap became the official benchmark as of April 2020. Prior to this, it is shown for comparison purposes only. The WS Better World Fund is similar but not identical to the Irish domiciled Montanaro Better World Fund.

Investment Philosophy & Process



What makes a "Better World" company?

- 1 **Impact:** products and services beneficial to people or planet
- 2 **Quality:** recurring revenues, pricing power, IP, high R&D and USPs
- 3 **Growth:** structural self-funded organic growth
- 4 **Focused:** a simple business we can understand
- 5 **High returns:** double digit EBIT margins and strong cashflow
- 6 **Low risk:** profitable with a strong balance sheet
- 7 **Established:** a market leader with high barriers to entry
- 8 **Under researched:** a "hidden gem"
- 9 **ESG leader:** exemplary standards of ESG and a willingness to engage
- 10 **Outstanding management:** open and passionate teams with a strong ESG culture



Investment Process

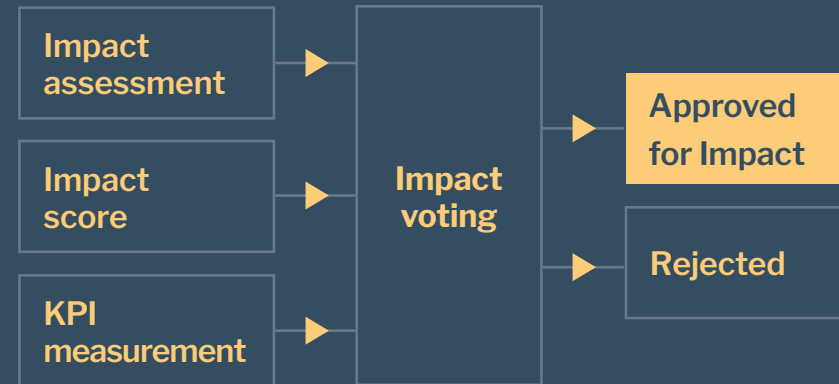


Impact Profile

An Impact Profile is completed to assess impact. Stocks are approved or rejected for impact by our Impact Team.

The Montanaro Impact Profile considers:

- Positive impact (products & services)
- Differentiation
- Investor contribution (via engagement)
- Intentionality (of management)
- Impact risk
- Revenue alignment to impact themes (at least 50%)
- Key performance indicators (KPIs)



ESG Checklist

ESG forms a key part of how we assess the Quality of a business. Analysts complete the Montanaro ESG Checklist, which combines our own research with public data to assess a company's ESG calibre, risks and opportunities.

- **Environment:** Climate targets; Carbon emissions; Water; Waste; and Biodiversity
- **Social:** Diversity; Labour practices; Policies; Tax; and Supply chain
- **Governance:** Board composition; Insider ownership; Executive remuneration; Committees; Stakeholders; Ethics; ESG culture and Controversies

ESG research

ESG Checklist

Engagement

**MAM
ESG score**

Quality Checklist

Every company we invest in must meet the “Montanaro Quality” threshold. This helps us to avoid the trap of investing in “concept stocks” that sound impactful but have little hope of delivering an attractive return to investors.

Our due diligence process includes:

- **Quality Checklist:** our “pre-flight” checklist, designed to assess the quality of a company
- **Financial model:** a proprietary model to understand the business drivers
- **Meetings:** with management and site visits
- **Valuation:** valuing future cashflows

Fundamental analysis

Quality Checklist

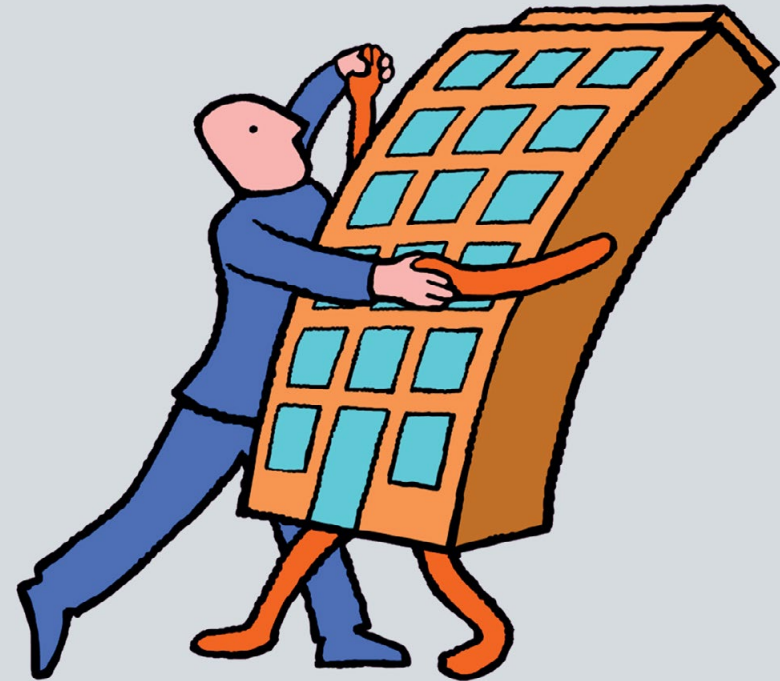
Modelling & valuation

Approved for
investment



Impact delivers growth... ESG demonstrates quality

Companies in Action by Theme



Environmental Protection

COMPANY

Badger Meter

COUNTRY LISTING

US

DESCRIPTION

Badger Meter is a global provider of smart water metering technologies that enable real-time monitoring and data-driven water management. Its solutions help utilities to save water and improve the efficiency of water systems.

PROBLEM

Ageing infrastructure, water leaks and climate-related stress are straining water systems. Smarter solutions are needed to improve water conservation and reduce water waste.

SOLUTION

Badger Meter's advanced metering and analytics tools detect leaks, support conservation efforts and enable better water system performance, helping to conserve water and reduce waste.

UN SDG

Goal 6: Clean Water & Sanitation

IMPACT KPI

Over 5.5 million gallons of water saved in 2023²

² Figure reflects the combined water savings from case studies highlighted in the [Badger Meter's Sustainability Report 2023](#).



By using Badger Meter's pipeminder-one technology, Las Vegas Valley Water District reduced breaks in the water mains by 30%, thanks to better visibility and faster more targeted repairs

Source: *Badger Meter's 2023 Sustainability Report*

Green Economy

COMPANY

InPost

COUNTRY LISTING

Netherlands

DESCRIPTION

InPost is a parcel logistics company that uses lockers and pick-up points instead of home delivery.

PROBLEM

Traditional parcel delivery is inefficient with substantial last-mile emissions.

SOLUTION

InPost's model reduces delivery distances, optimises routes and lowers emissions.

UN SDG

Goal 11: Make cities and human settlements inclusive, safe, resilient and sustainable

IMPACT KPI

142,429 tonnes of carbon dioxide equivalent (tCO₂e) avoided through InPost's delivery model in 2024³

³ InPost. Estimated using the same method as in 2023, based on updated emission intensities from *InPost's 2024 Integrated Report (WTW, Poland)*.

A person's hands are holding a black smartphone, positioned over a brown cardboard box. On top of the box is a silver pen and a small orange sticky note. In the background, a laptop is visible on a desk. The entire scene is overlaid with a semi-transparent white box containing text.

Automated parcel machines reduce
last-mile CO₂ emissions by as much as
75% vs. traditional to-door deliveries

Source: InPost 2024 Integrated Annual Report

Innovative Technology

COMPANY

COUNTRY LISTING

DESCRIPTION

PROBLEM

SOLUTION

UN SDG

IMPACT KPI

Tyler Technologies

US

Tyler Technologies provides software that helps schools and local governments run more efficiently with increased transparency.

Many public services lack digital tools to deliver efficient and accessible support.

Tyler's platforms improve access to education, transport and public services.

Goal 9: Industry, Innovation and Infrastructure

In 2024, Tyler Technologies supported 1.4 million people by delivering software that modernises judicial courts, improves mental health access and streamlines public services.⁴

⁴ Ansys (2021, Ansys Environmental Sustainability in Focus – Simulation Product Handprint: Electric Vehicles.

In 2024, Tyler Technologies
and the Mississippi Department
of Mental Health launched a
mental health app, used
over 18,500 times to
strengthen mental health
support statewide

Source: *Tyler Technologies Corporate Responsibility Report 2024*



Healthcare

COMPANY

ALK-Abelló

COUNTRY LISTING

Denmark

DESCRIPTION

ALK-Abelló develops treatments that address the root cause of respiratory allergies such as asthma and hayfever.

PROBLEM

Millions suffer from severe allergies and often rely only on short-term symptom relief.

SOLUTION

ALK offers long-term allergy treatments, including tablets and nasal sprays to improve quality of life.

UN SDG

Goal 3: Good Health & Well-being

IMPACT KPI

200,000 new patients treated in 2024 bringing the total to 2.6 million.⁵

⁵ [ALK-Abello Annual Report 2024](#)

The background of the slide is a close-up photograph of tall, thin grass stalks with small, light-colored seed heads. A large, semi-transparent rectangular box is centered over the image, containing the main text.

Alk Abello aspires to help 5 million people
living with allergies annually by 2030

Source: ALK-Abello Annual Report 2024

Nutrition

COMPANY

Balchem

COUNTRY LISTING

US

DESCRIPTION

Balchem makes nutrients and food ingredients that support human and animal health.

PROBLEM

Poor nutrition contributes to greater disease risks and weak cognitive development.

SOLUTION

Balchem's products improve health by enhancing nutrient absorption across all life stages.

UN SDG

Goal 3: Good Health & Well-being

IMPACT KPI

1.2 billion people supported with nutrition-enhancing products in 2024.⁶

⁶ [Balchem Sustainability Report 2024](#)

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1.2 billion people supported
with better nutrition in 2024

Source: *Balchem Sustainability Report 2024*. Balchem calculates its global reach by estimating the annual consumption of its nutrition products in relation to recommended daily intakes of protein, minerals, vitamins and other essential nutrients.

Well-being

COMPANY

COUNTRY LISTING

DESCRIPTION

PROBLEM

SOLUTION

UN SDG

IMPACT KPI

Stride

US

Stride provides accredited online education to help students stay engaged and succeed outside traditional classrooms.

Post-pandemic absenteeism has disrupted education for millions of US students.

Stride's platform enables remote learning for underserved students, with tailored pathways and teacher support.

Goal 4: Quality Education

Over 230,000 students enrolled in 2024, a 20% increase on the previous year.⁷

⁷ [Stride Q2 2025 results](#)

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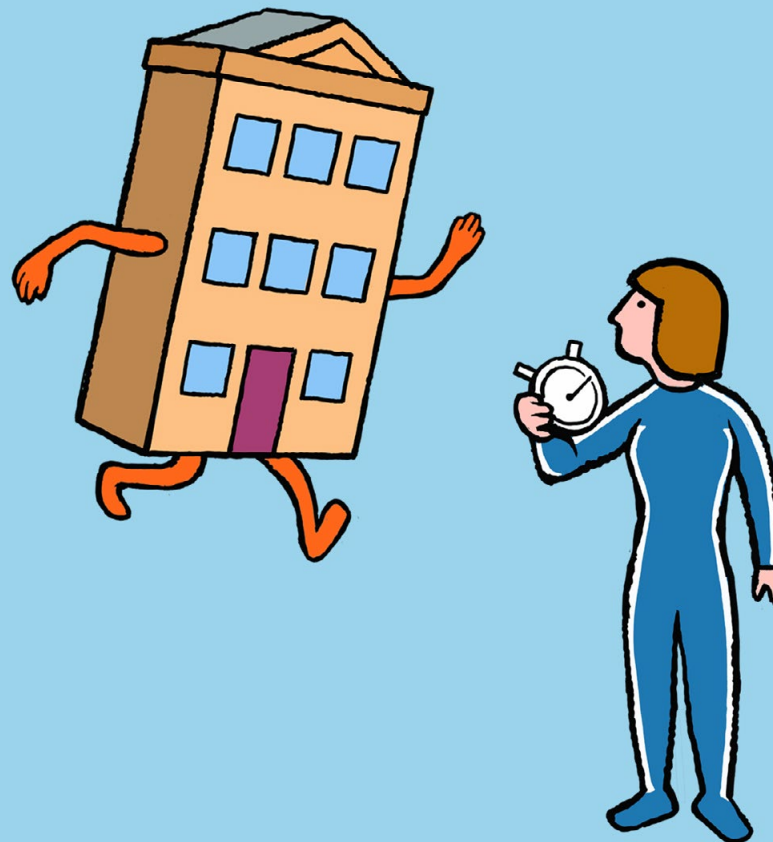
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A photograph of a woman and a young child sitting at a wooden table, looking at a laptop. The woman is smiling and pointing at the screen, while the child looks on with interest. They are in a bright, modern home environment with a sofa and large windows in the background.

3 million students reached since 1999

Source: *Stride 2024 Annual Report*

Measuring our Impact

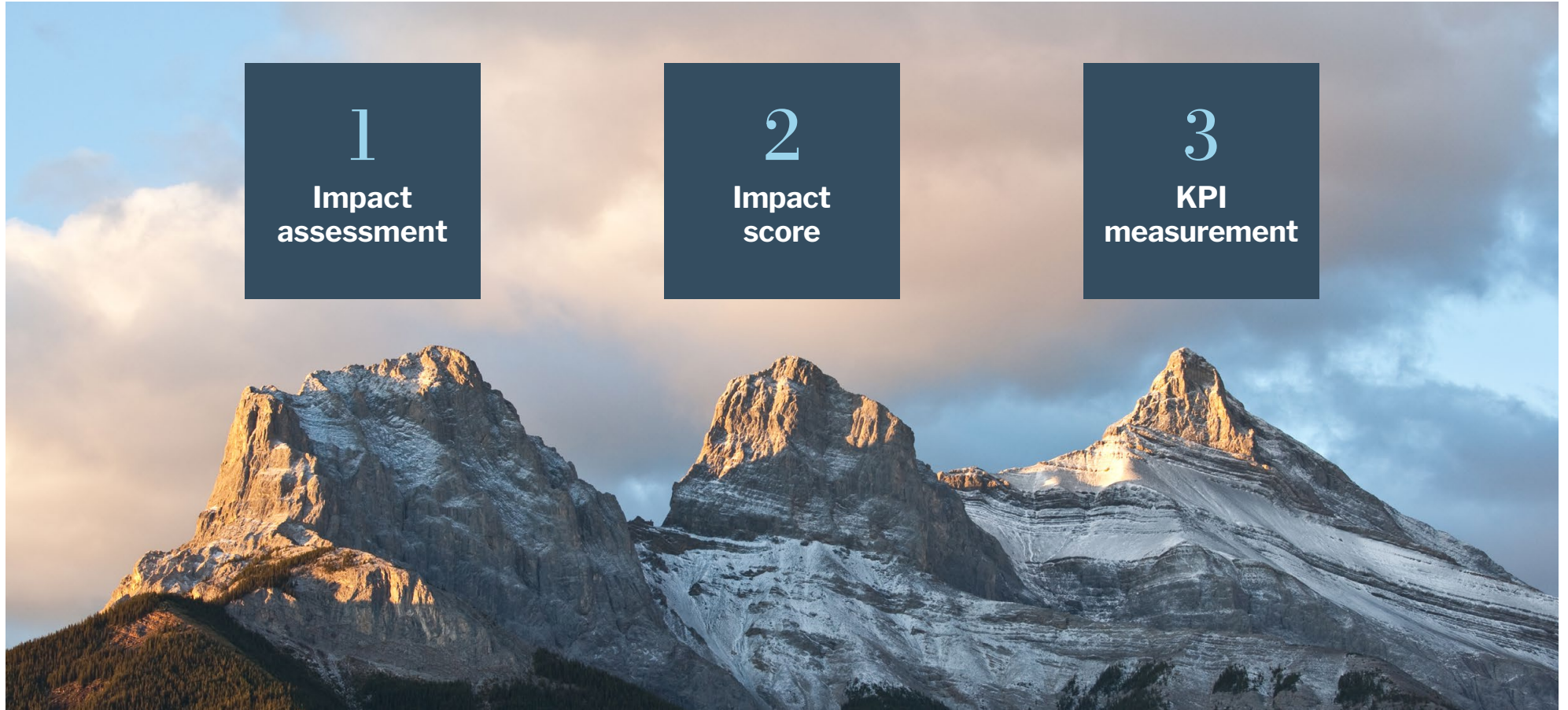


How we measure impact

1
Impact
assessment

2
Impact
score

3
KPI
measurement



How we deliver change: Impact360°

Our impact assessment process – which we call Impact360° – ensures that we target impact consistently across specific areas of the economy.

Impact360° encompasses:

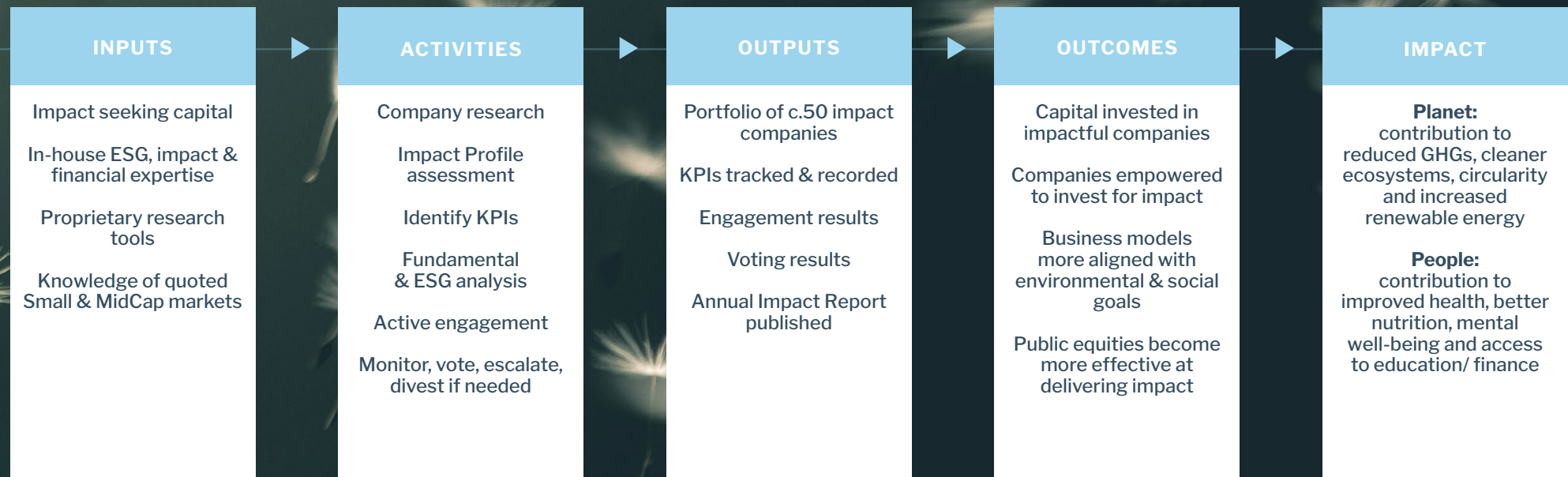
- Impact screening
- Initial company research
- Completion of Montanaro Impact Profile
- Completion of Montanaro ESG Checklist
- Approval / rejection by Impact Team
- Portfolio inclusion
- Impact measurement
- Ongoing monitoring
- Engagement
- Voting

These steps create a full circle “Better World” approach to achieving impactful and sustainable change.



Theory of Change

The Better World Fund aims to generate positive impact through both the products and services of its investee companies (“Enterprise Contribution”) and engagement (“Investor Contribution”).



Portfolio breakdown by Theme

People

17% Well-being

7% Nutrition

28% Healthcare



Planet

Environmental Protection **17%**







Green Economy **12%**

Innovative Technologies **19%**

Note: as of 30 June 2025 . Figures may not add up to 100% due to rounding.

The impact our companies have delivered

The Better World companies have delivered the following impacts as measured by theme KPIs.

 ENVIRONMENTAL PROTECTION	 INNOVATIVE TECHNOLOGIES	 NUTRITION
20252024	20252024	20252024
Recycled waste (bn lbs)1.51.5	Carbon emissions avoided (MtCO ₂ e)2023	People with improved nutrition (bn*)1.21.1
Water saved/treated (bn m ³)22.82.4		Healthy products sold (m)700678
 GREEN ECONOMY	 HEALTHCARE	 WELL-BEING
20252024	20252024	20252024
Installed renewable energy capacity (GW)771.2	New drug discovery contributions6,7005,322	Increased safety/security (m*)2.60.3
Carbon emissions avoided (MtCO ₂ e)6674	Healthcare treatments (m)229202	Better physical/mental health (m*)7050
		Improved education access*240,000262,800

*Number of people

KPI detail:

- Enabling new drug discovery: number of clinical trials; products & services supporting clinical trials; new medical products launched; and scientific papers published
- Healthcare treatments: number of patients receiving treatment/care; patients saved; and medical procedures performed
- Increased access to healthy nutrition: number of individuals reached; and number of healthy products sold
- People with improved well-being: number of people benefiting from enhanced safety measures; people who have gained new employment opportunities; people conducting physical activity; and improved access to education via students enrolled.

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Environmental Protection



1.54 billion lbs
of recycled waste

Equivalent to 110 football pitches
worth of compacted waste

Assuming the football pitch is 7,140 m² and compacted landfill waste weighs 1,500 lbs per cubic yard.



22.8 billion metres
cubed of water treated

Equivalent to 9 million
Olympic swimming pools

Assuming 2,500m³ of water in an Olympic swimming pool.

The above figures reflect the impacts delivered by the companies within the Better World portfolio.

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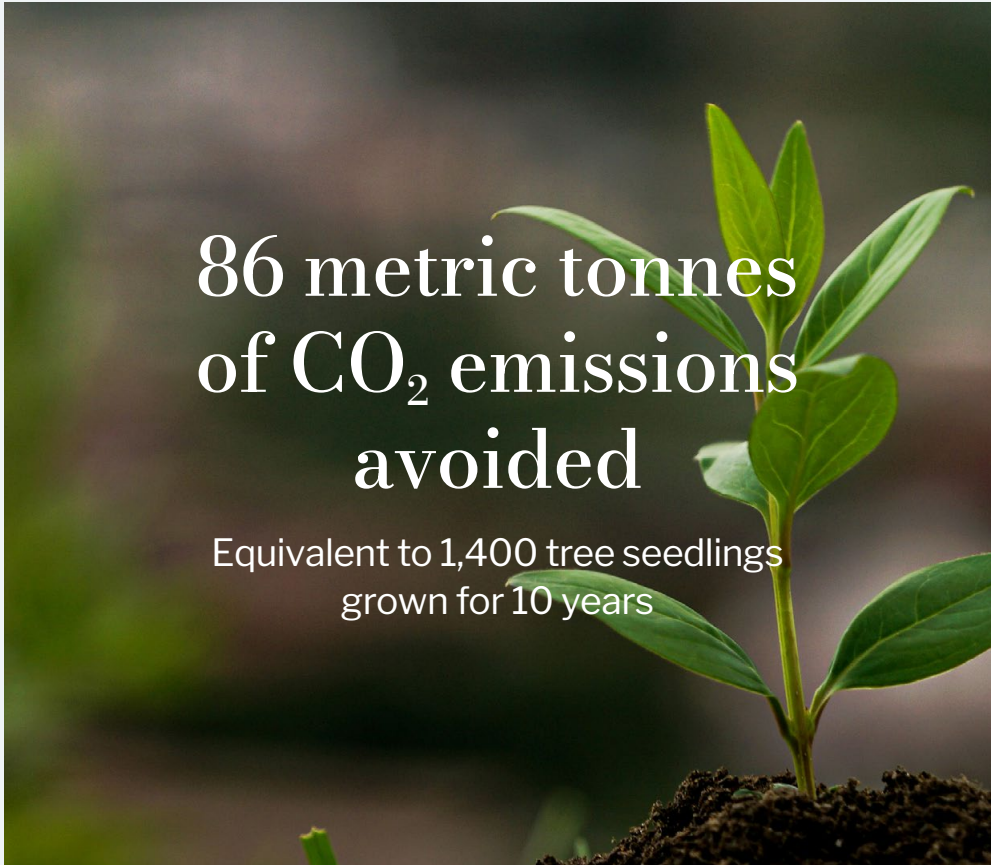
MEASURING OUR IMPACT

ENGAGEMENT

CLIMATE ACTION

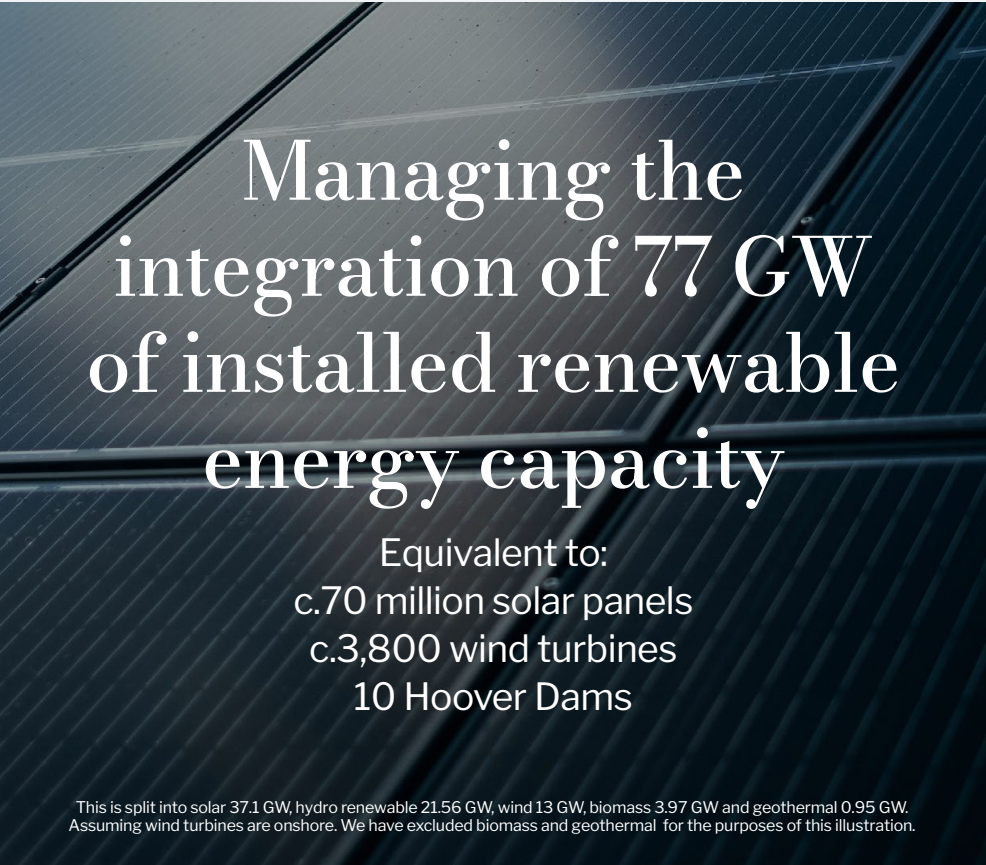
MONTANARO

Green Economy & Innovative Technology



86 metric tonnes
of CO₂ emissions
avoided

Equivalent to 1,400 tree seedlings
grown for 10 years



Managing the
integration of 77 GW
of installed renewable
energy capacity

Equivalent to:
c.70 million solar panels
c.3,800 wind turbines
10 Hoover Dams

This is split into solar 37.1 GW, hydro renewable 21.56 GW, wind 13 GW, biomass 3.97 GW and geothermal 0.95 GW. Assuming wind turbines are onshore. We have excluded biomass and geothermal for the purposes of this illustration.

The above figures reflect the impacts delivered by the companies within the Better World portfolio.

Healthcare



6,700 contributions to
new drug discovery

Including the number of clinical trials
and new products launched

Contributions to new drug discovery include: number of clinical trials; products & services supporting clinical trials;
new medical products launched; and scientific papers published.



229 million healthcare
treatments

Including patients receiving treatment
and lives saved

Healthcare treatments include: number of patients receiving treatment/care; lives saved; and medical procedures performed.

The above figures reflect the impacts delivered by the companies within the Better World portfolio.

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[MONTANARO](#)

Well-being



70 million people
exercising regularly

Advocating exercise as powerful preventative
medicine to reduce disease risk



240,000 students
enrolled

Supporting educational progress and access

The above figures reflect the impacts delivered by the companies within the Better World portfolio.

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[MONTANARO](#)

Nutrition



1.2 billion people with improved nutrition

Nearly 15% of the world's population with better nutrition

People with improved nutrition include: people reached annually with products that provide essential science-based nutrients and food ingredient solutions for global health and nutrition.



700 million doses of healthy products sold

Equivalent to providing two healthy products for each person in the US

Healthy products includes those that support gut and immune health to improve overall well-being.

The above figures reflect the impacts delivered by the companies within the Better World portfolio.

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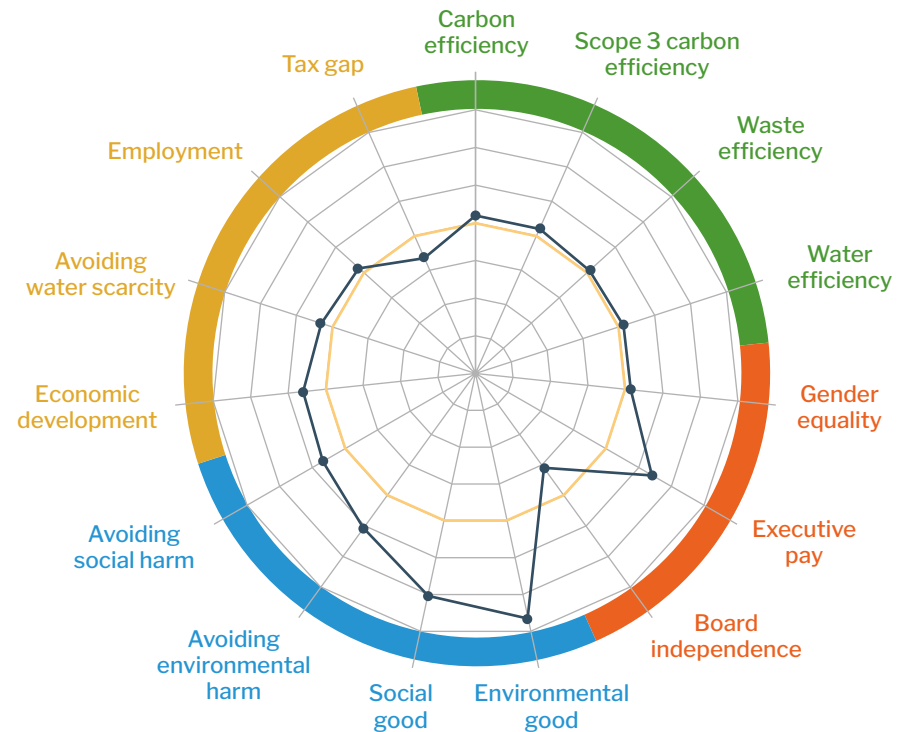
Independent assessment of our impact (by Impact Cubed)

Impact Cubed assesses the Fund against 14 sustainability metrics relative to a Global Markets Small & MidCap benchmark.

The Fund scores particularly well in the “Environmental Good” and “Social Good” categories, reflecting its strong impact orientation.

Impact Cubed normalises operational and revenue-based sustainability data to allow for like-for-like comparison with the benchmark.

The Fund ranks in the top quartile for impact performance relative to its portfolio peers.



UN SDG alignment

Impact Cubed assesses the Fund's alignment with the UN SDGs. They consider a company's revenues (products and services) to determine how well they are aligned with the goals.

If the Fund falls outside the Global Developed SMidCap benchmark (the red dotted circle in the middle of the spider chart) it is outperforming.

According to Impact Cubed, the Better World Fund is strongly aligned with the objectives of the UN SDGs.



Identifying ESG & Impact Leaders

Our Investment Team has developed an “Impact Score” for each company, allowing us to better assess the spectrum of impact across the Fund.

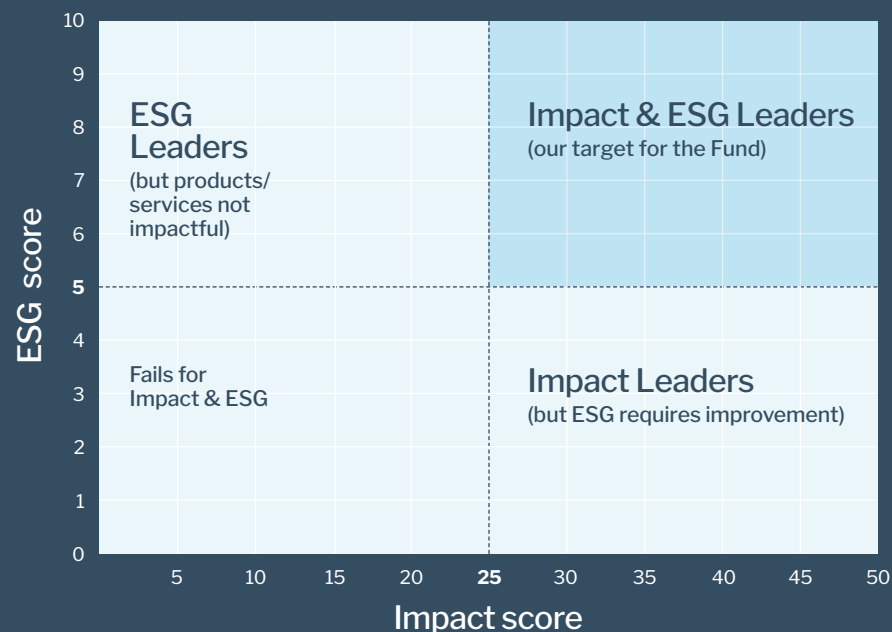
Companies are scored for impact based on our defined criteria. A company must have an impact score of at least 25 in order to pass.

We also assess the percentage of revenue aligned to our impact themes and will only invest in companies with at least 50% of revenue alignment.

Using our bespoke ESG Checklists, we analyse companies across numerous metrics and calculate a score out of 10. Companies must have a score of at least 5 in order to pass.

We look for leaders in both ESG and Impact.

We invest in Impact & ESG leaders



Impact & ESG scores in the Fund

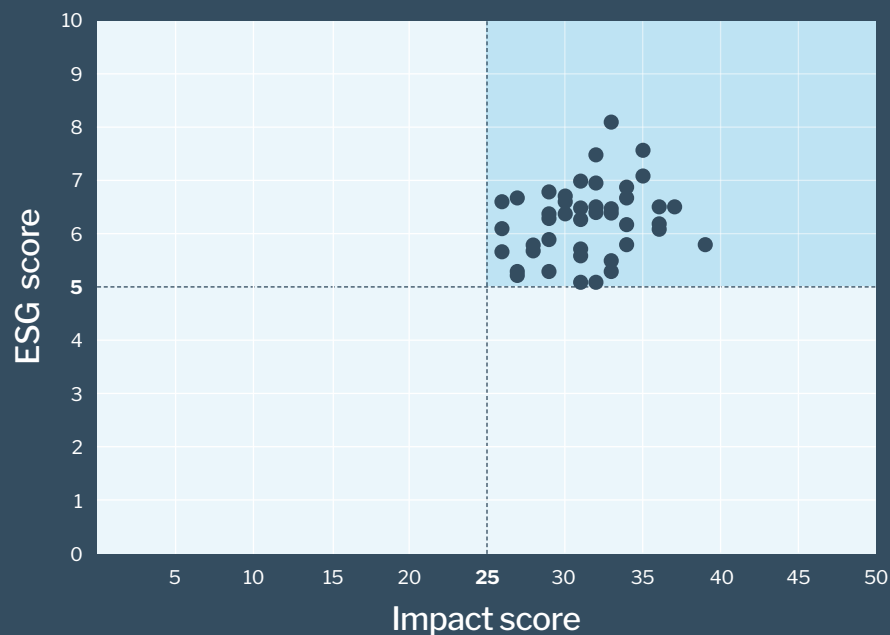
Companies creating positive impact are positioned for long-term growth, while strong ESG practices reflect high-quality businesses with effective risk management.

This chart shows how the ESG scores of Better World Fund holdings align with our internal impact assessments.

Each dot represents an investment meeting our rigorous standards.

We only invest in companies that deliver meaningful impact and demonstrate robust ESG performance, though we will support those committed to improving through active engagement.

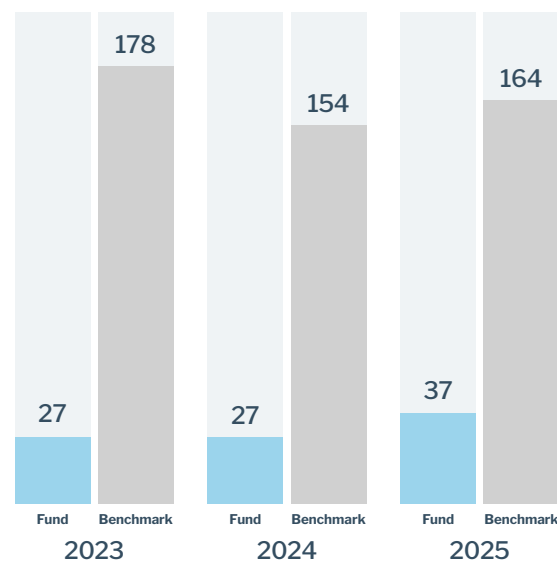
ESG scores versus Impact scores



Environmental metrics

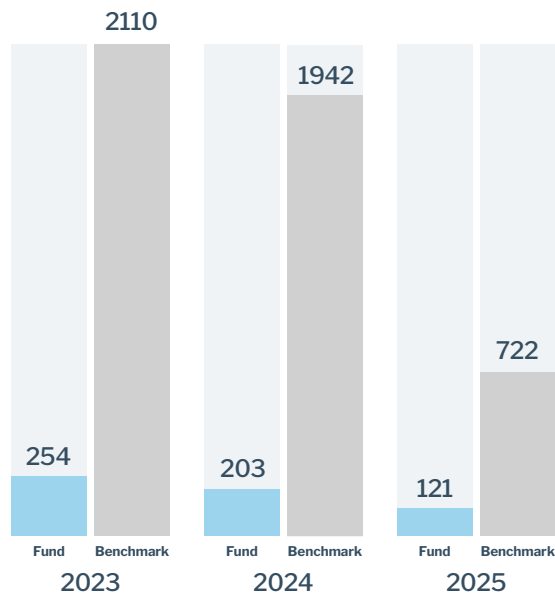
Carbon intensity

Scope 1+2 Intensity (t/US\$ million sales)



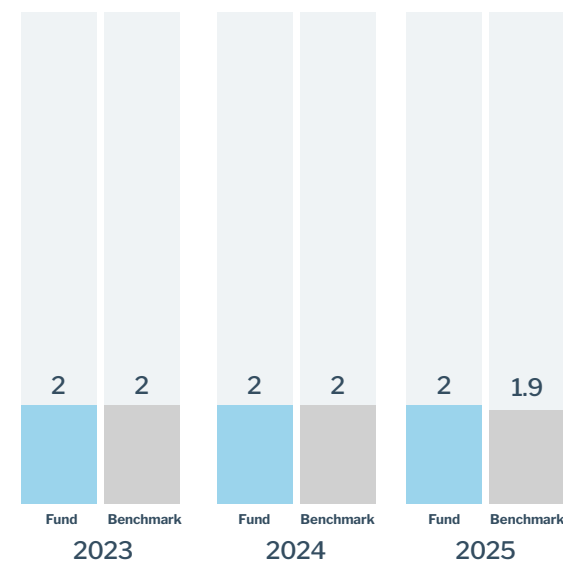
Water intensity

(cubic metres per US\$ 1M revenue)



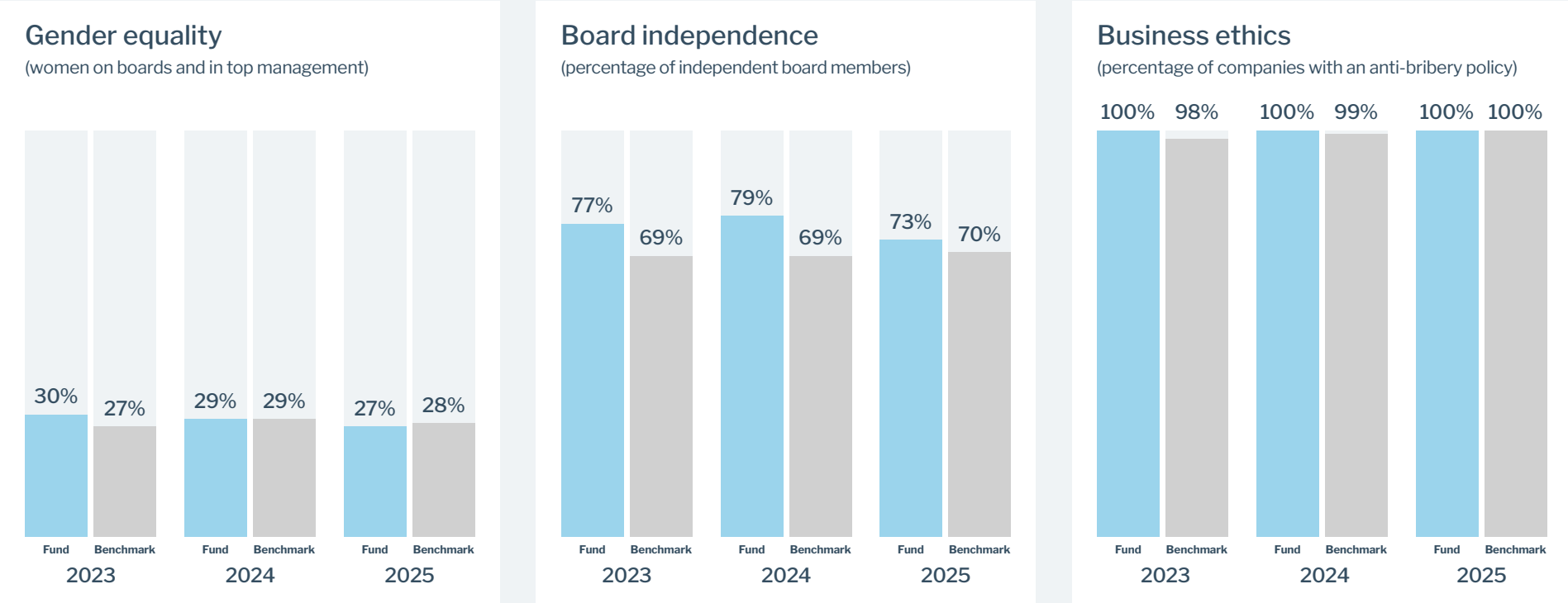
Biodiversity & land use

(score 0-10. 10 = highest exposure; 0 = lowest)



Data source: MSCI: Environmental intensity figures are weighted averages based on the latest available company disclosures.
MSCI's Biodiversity score combines a 0-10 Business Score with a +50% Geographic multiplier, yielding a final score on the same 0-10 scale.

Social and governance metrics



The MSCI World Smallcap index has been adopted as the benchmark for ESG metrics to ensure consistency and relevance. This index provides an appropriate comparison for our portfolio because it focuses on companies of similar size. Specific benchmark figures for Waste Intensity, % Women in Management, Anti-Bribery Ethics Policy and % Independent Directors refer only to Europe. The figures reported are as of 30th June each year.



“Preventing illness before it occurs will be the biggest revolution of our time... Technogym acts as an enabler of healthy longevity.”

Nerio Alessandri, CEO and Founder, Technogym

Engagement



Engaging for impact

SmallCap offers a real opportunity to engage.

Our focus on smaller companies gives us direct access to senior leaders. We meet with CEOs and Boards to share insights that help shape strategy, support long-term growth and improve ESG and impact performance.

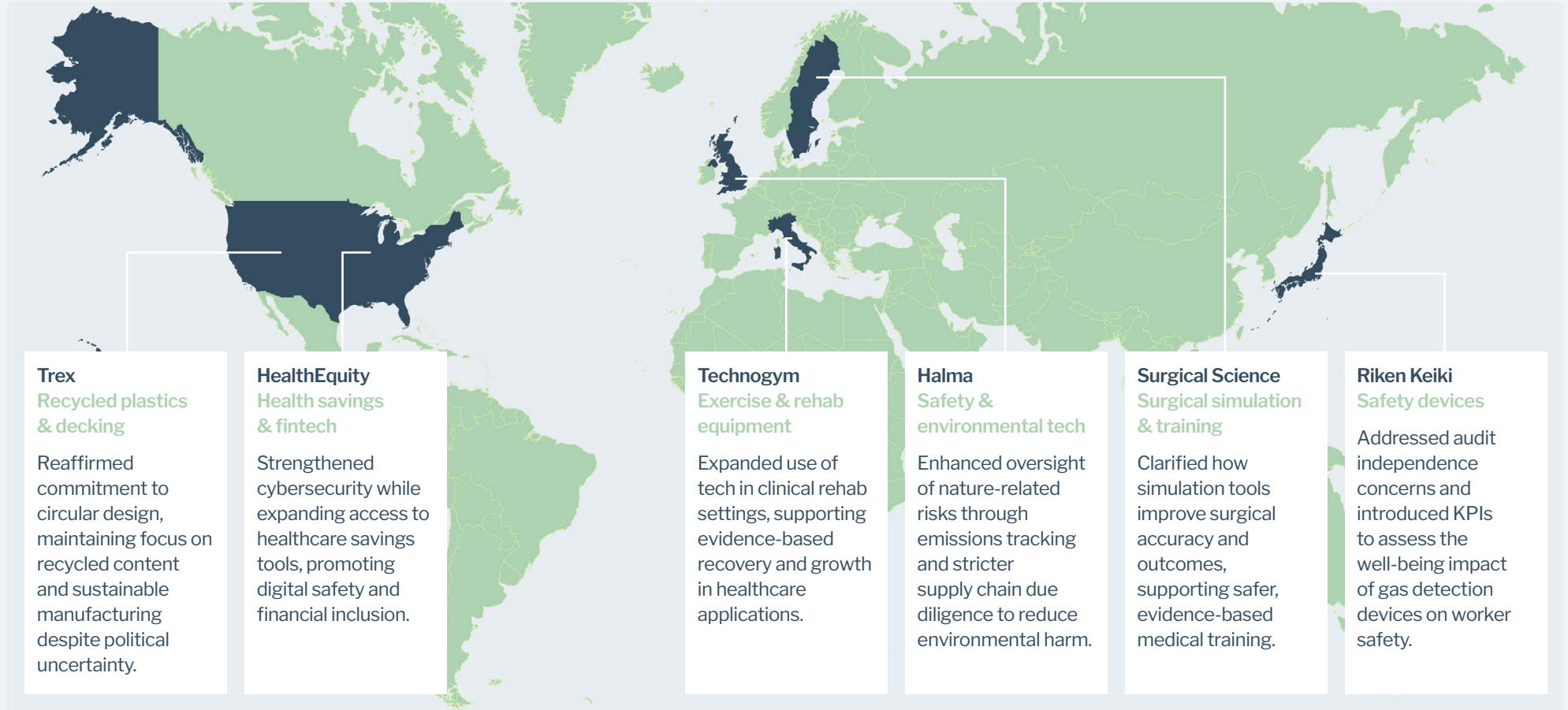
We add value through:

- **direct influence:** our investments and long history in SmallCap give us a credible, trusted voice
- **tailored guidance:** we support and can advise companies on capital allocation, R&D and sustainability
- **systemic focus:** we engage on company-specific priorities and broader issues such as climate change

This is how we deliver meaningful **investor contribution**, supporting positive change and sustainable business growth.



Engagement case studies



Deep Dive reports

Our Investment Team conducts "Deep Dive" reports into sustainable topics that affect many of the companies in which we invest.



Net Zero Carbon: 2024

[READ REPORT](#)



The Built Environment

[READ REPORT](#)



Waitaki Hydropower Scheme

[READ REPORT](#)




Biodiversity Loss

[READ REPORT](#)



Data Centres

[READ REPORT](#)



Plastic Fantastic

[READ REPORT](#)

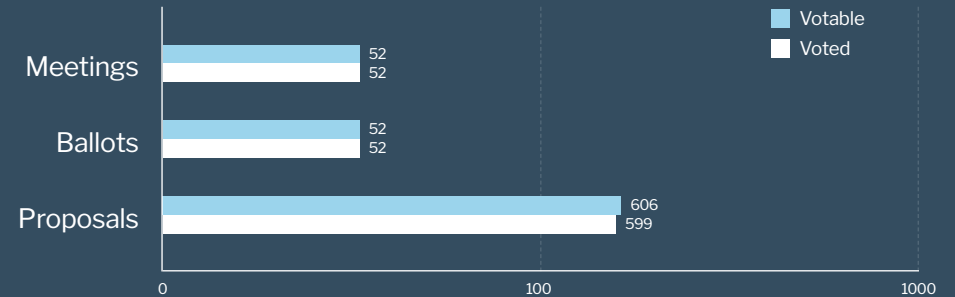
Stewardship: using your vote

We voted at 52 meetings between the end of June 2024 and the end of June 2025, representing 100% of votable meetings over the period.

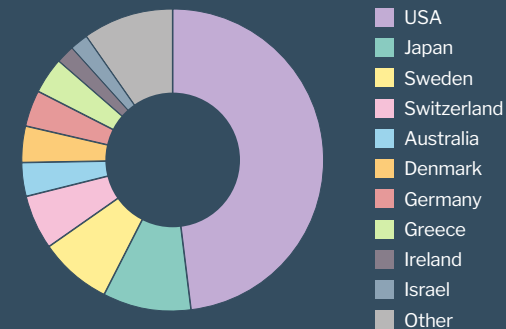
Voting was 97% aligned with management recommendations. Votes against management primarily related to executive remuneration.

Where we were considering dissent, we sought to engage with the company ahead of the meeting to communicate our concerns and understand the context.

Voting statistics



Meeting voted by market

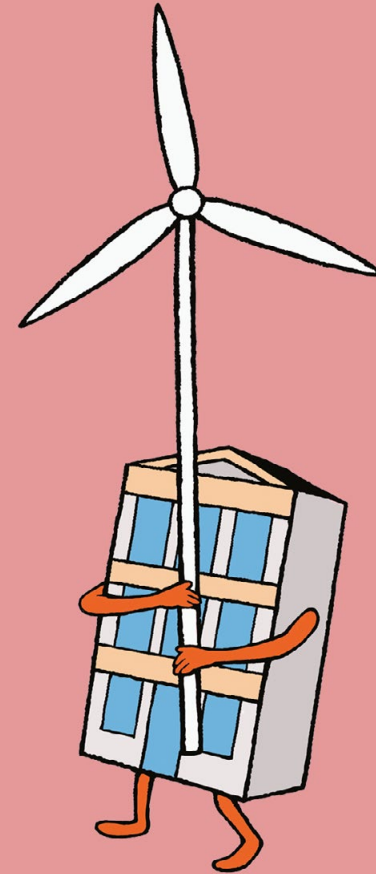


Source: ISS

Collaborations

	Principles for Responsible Investment(PRI)	2009		Tobacco Free Portfolios Finance Pledge	2022
	UK Stewardship Code	2010		Living Wage Accreditation	2022
	Carbon Disclosure Project (CDP)	2015		UK Sustainable Investment and Finance Association (UKSIF)	2023
	LGPS Code of Transparency	2017		GFANZ (Glasgow Financial Alliance for Net Zero)	2023
	B Corporation	2019		ShareAction	2023
	Farm Animal Investment Risk and Return (FAIRR)	2019		Business Coalition for a Global Plastics Treaty	2023
	Net Zero Asset Managers Initiative (NZAM)	2020		Taskforce on Nature-related Financial Disclosures (TNFD)	2023

Climate Action



Our climate goals

1

Remove historical carbon emissions by 2030

By 2030, our ambition is to have removed from the environment all the carbon MAM has emitted since its founding in 1991.

This target includes our operational Scope 1 and 2 emissions plus our Scope 3 emissions associated with business travel.

2

Carbon negative by 2030

We are aiming to remove more carbon from the atmosphere than our business produces by 2030.

3

Reduce portfolio emissions by 100% by 2050

By 2050, our target is to achieve net zero financed emissions, with a 50% reduction by 2030 relative to the 2019 base level.

We are aiming for 100% of our portfolio companies to have set science based targets by 2040.

How we will be carbon negative by 2030

To become carbon negative by 2030 we will:

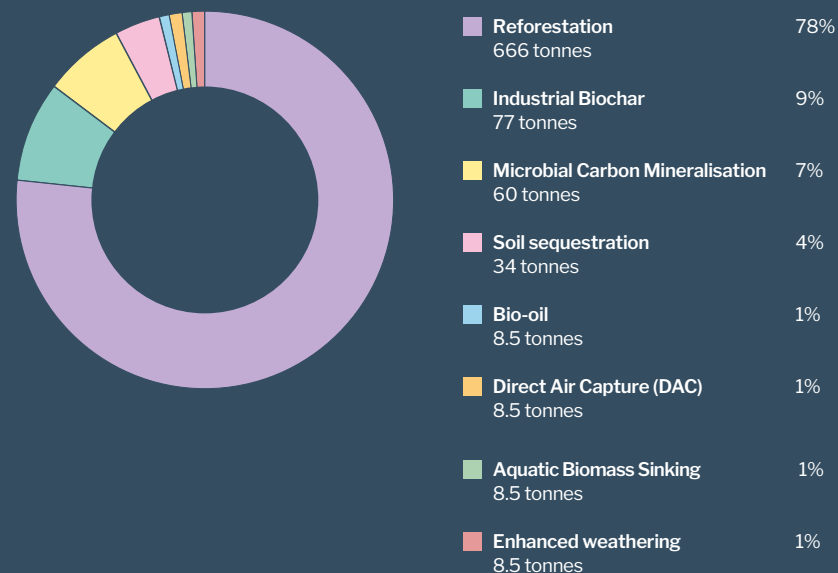
- significantly reduce operational carbon emissions from a 2019 baseline
- implement a carbon removal scheme to neutralise our historical emissions by 2030

We have partnered with Klimate, a Danish carbon removal platform that enables access to innovative, verifiable carbon removal solutions. Klimate have helped us to create a portfolio of innovative independently verified projects. Through Klimate we acquire carbon removal certificates.

Our approach has been inspired by Microsoft's carbon negative targets and conversations with the Microsoft Climate Innovation Fund.

MAM Carbon Removals

Emissions period: 31 December 2022 - 30 December 2023



Source: <https://registry.klimate.co/clients/C1000131>

Carbon removal projects

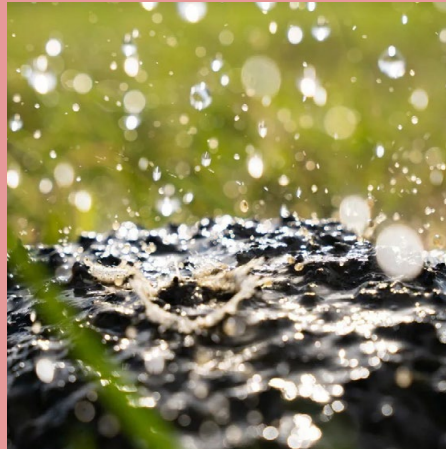
Direct Air Capture

Project Hummingbird captures carbon dioxide from the air and stores it permanently. It is the first plant in Kenya and is advancing climate innovation across Africa.



Enhanced Weathering

UNDO captures CO₂ from the biological cycle and converts this to the geological cycle using enhanced rock weathering with basalt.



Bio Oil

Charm Industrial converts biomass into a stable, carbon-rich liquid and then pumps it deep underground where it can be stored for over 1,000 years.



Forestry

CommuniTree works with smallholder farmers across Nicaragua to grow trees alongside their existing farming practices.



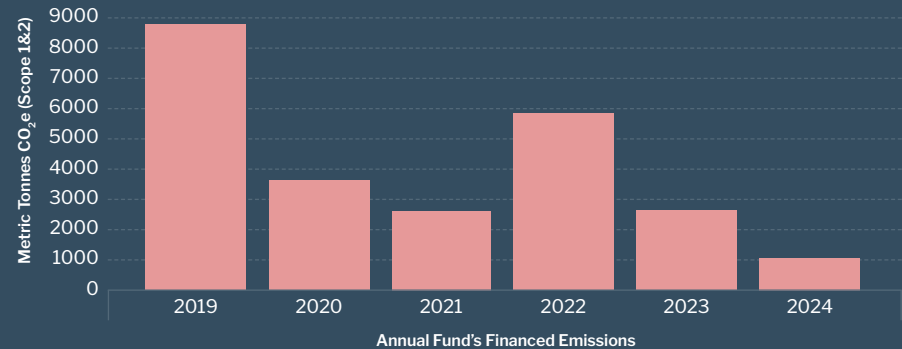
Progress towards a net zero Portfolio

The Better World Fund has reduced its financed Scope 1 and 2 emissions by 88% since 2019 — from nearly 9,000 to around 1,000 metric tonnes of CO₂e as of December 2024.

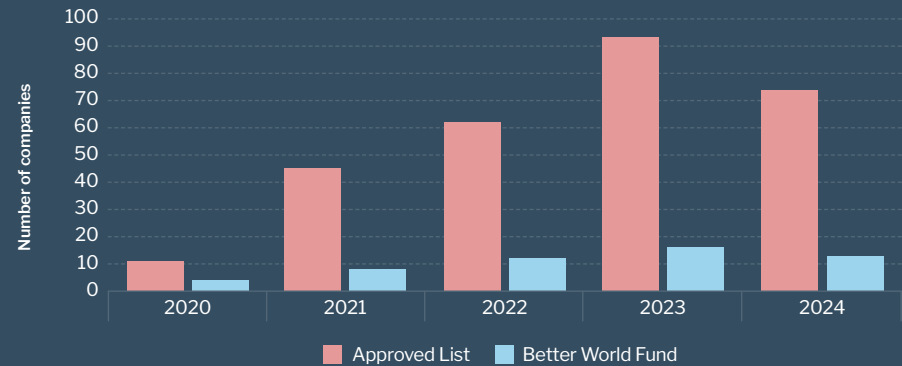
This is well ahead of our interim target of reducing emissions by 50% by 2030.

Montanaro's wider engagement is driving momentum: SBTi commitments across all of our Funds have climbed from 11 companies in 2019 to 74 in 2024.

Financed Emissions (metric tonnes)



Companies signed up to SBTi



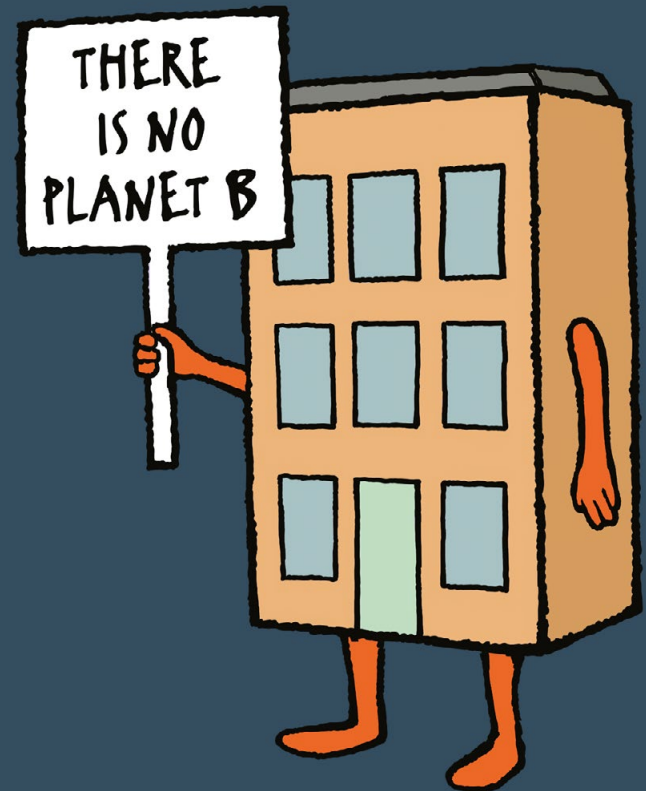
A landscape photograph featuring three large wind turbines on a hill. The scene is captured during sunset or sunrise, with a warm, orange-pink sky and long shadows cast across the terrain. A dirt road winds through the foreground. The text is overlaid on the image.

“Faster. More digitalised. More sustainable. Fairer.
This is the energy transition we want.”

Giuseppina Di Foggia, CEO, Terna Group

Terna is Italy's electricity transmission system operator, supporting the country's energy transition through modernised infrastructure and digital innovation.

Montanaro



About us

MAM researches and invests exclusively in global, quoted Small and MidCap equities. We were founded in London by Charles Montanaro in 1991.

We remain a privately owned boutique known for our family culture. Based on Threadneedle Street close to the Bank of England, we have been described as “an Oasis in the City”.

We aim to deliver attractive investment returns and outstanding service to our clients. We work with recognised leaders in responsible investment.

Sustainable investing is at the heart of our Company. We introduced our first ethical restrictions in the 1990s. ESG has been integrated into our “Quality Growth” investment process for over two decades.

Montanaro was named “ESG Champion of the Year” at the Financial Times & Investors' Chronicle Investment Awards in 2023 and 2024. We have also won awards for our impact

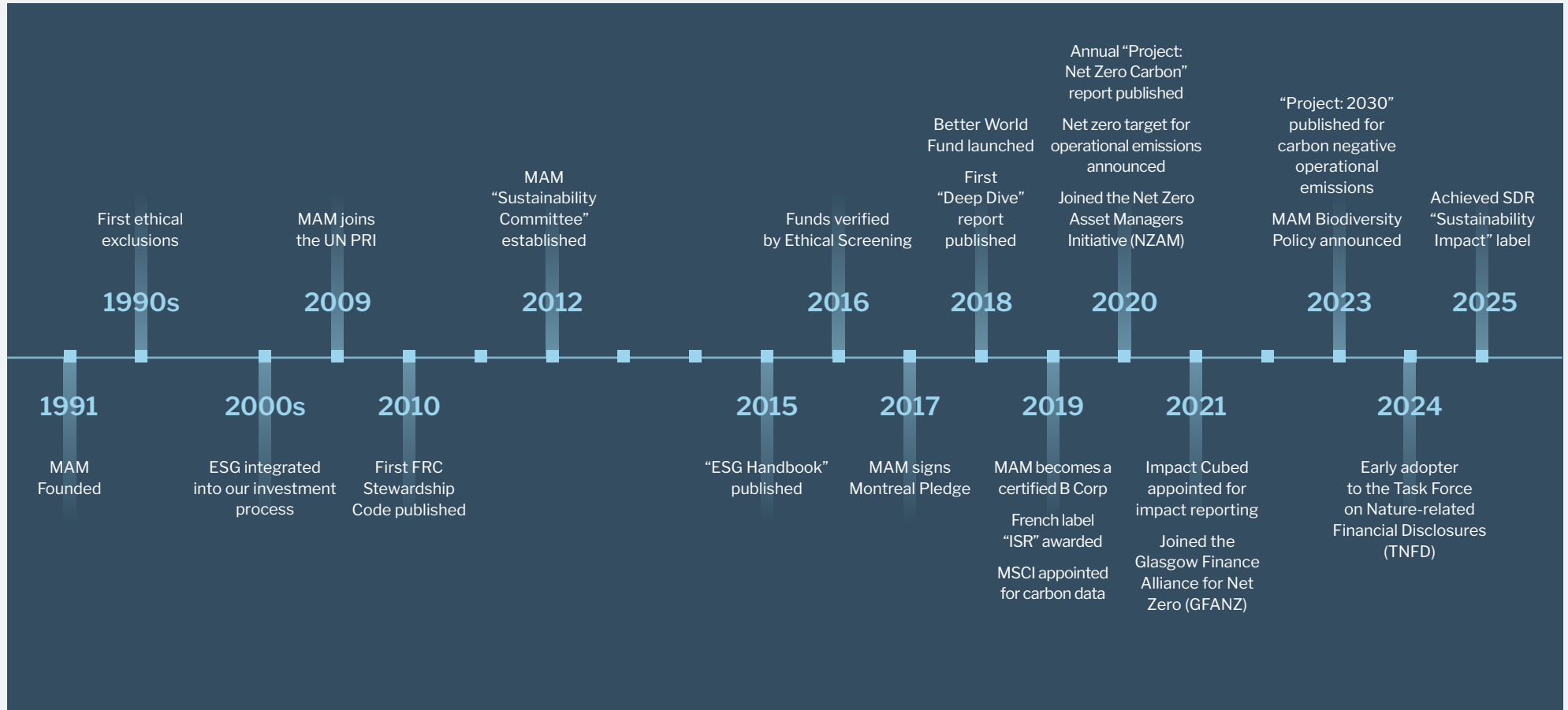
reporting from Pensions for Purpose, Best Impact Fund from Investment Week and Best ESG Global Equity fund from the consultant Mainstreet Partners.

We were one of the first UK financial institutions to become a certified B Corporation in 2019 when there were less than 200 in the UK. By 2030, Montanaro will be carbon negative and will have removed from the environment all the carbon it has emitted since its founding in 1991.

Ed Heaven serves on the board of the UK Sustainable Investment & Finance Association (UKSIF), which represents financial services firms managing over £19 trillion in assets under management (AUM) to advance sustainable finance.

As of 30 June 2025, we looked after £3 billion of assets for our clients.

Our sustainability journey



Sustainability library

One of the ways we champion sustainability is through thought leadership publications for our clients. MAM produces content that showcases our expertise in sustainable investing.

This includes our research Deep Dives on topics such as supply chains and renewable energy; blogs on topics such as ESG integration and sustainability trends; impact reports; and our ESG Handbook. These can be found on our website: www.montanaro.co.uk

[Sustainability Library](#)

[Deep Dive reports](#)

[Insights](#)

[Chart of the Week](#)



Charity partners

City Harvest

MAM supports City Harvest. The charity collects high quality surplus food from the UK's leading retailers, wholesalers, restaurants and manufacturers to distribute to more than 350 community programmes that serve meals to vulnerable people in London.

[Visit City Harvest.](#)

Rewilding Britain

MAM supports Rewilding Britain. We were the anchor partner as the Dorset Wildlife Trust rewets the headwaters of the River Sherford in Dorset. The project will liberate the river and create over 30 hectares of wildlife rich wetland, storing carbon in wetter soils and reducing pollution and flooding.

[Visit Rewilding Britain.](#)



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