

Biodiversity Policy

August 2025

The long-held assumption that the biosphere is external to the human economy has led to the value of nature being excluded from most economic models. Our economies, livelihoods and well-being all depend on nature. However, nature's value to society is unaccounted for and this has contributed to the demands on the natural world exceeding its capacity to supply. We agree with the suggestions of the independent biodiversity study, The Economics of Biodiversity: The Dasgupta Review, that the catastrophic nature loss we have seen over the last century can only be halted and reversed if we re-shape our view and see that we are in fact 'embedded' within nature, not external to it¹.

In response to this, Montanaro Asset Management ("MAM") has set out a policy for the inclusion of nature-related risks and opportunities within the investment process.

For the purposes of this policy we have defined nature as: **the natural world, with an emphasis on the diversity of living organisms (including people) and their interactions among themselves and with their environment**².

1. Biodiversity in ESG analysis

The consideration of biodiversity is featured in the environmental section of our proprietary ESG checklist. We consider the following four data points for every company we invest in:

- Business exposure to operations with land or ecosystem disturbance;
- Percentage of operations located in geographies with highly fragile ecosystems;
- Biodiversity and land use exposure score; and
- Presence of a biodiversity policy.

We use data provided by MSCI and Bloomberg and supplement this with company reporting to form our own ESG score. This shapes our view of a company's overall impact on biodiversity and helps guide our engagement effort (see section 4).

2. Positive impact and biodiversity

When considering companies for investment in our global impact portfolios, eligible companies must have products and services that contribute to the achievement of one or more of our impact themes. The theme that is most exposed to opportunities relating to biodiversity and the responsible stewardship of nature is Environmental Protection. This theme is connected to United Nations Sustainable Development Goal (UN SDG) 14 (Life Below Water) and UN SDG 15 (Life On Land). The sub-themes that are particularly relevant are:

- Pollution control;
- Water treatment; and
- Waste recycling and management.

Companies providing solutions in these three areas are helping to generate measurable nature positive impact through enhancing biodiversity.

¹[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/962785/The Economics of Biodiversity The Dasgupta Review Full Report.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/962785/The_Economics_of_Biodiversity_The_Dasgupta_Review_Full_Report.pdf)

² Díaz, S et al (2015) The IPBES Conceptual Framework – connecting nature and people

3. Taskforce on Nature-related Financial Disclosures (TNFD)

The TNFD framework has been designed as a science-based approach to measuring, reporting on, and protecting nature globally. The framework builds on the Taskforce on Climate-related Financial Disclosures (TCFD) and has aligned reporting recommendations to this existing template³.

We collaborated with other investors throughout the drafting process for the TNFD report, joining fellow signatories of the Principles for Responsible Investment (PRI) in sharing our feedback, and participated in roundtables hosted by NatureAlpha (a specialist Biodiversity research house). This allowed us to share our views on every beta version of the report. We believe that the TNFD framework has the potential to improve transparency, accountability and sustainability by promoting a better understanding and management of nature-related risks and opportunities. By incorporating a diverse range of perspectives and insights, the TNFD can provide a comprehensive framework that reflects the complexity and importance of the natural world.

We are now in the process of assessing the impacts and dependencies of our investee companies using the methodology outlined by the framework and therefore establishing where nature-related opportunities and risks are likely to occur. This will rely on data disclosed by companies, and we must acknowledge that biodiversity data is heavily underreported at present. We will publish a TNFD statement that draws upon this analysis and the resulting “heat-map” and lays out our approach to all four pillars of the framework.

In the meantime, we have been accepted as a member of the TNFD Forum⁴, a consultative group of institutional supporters of the framework who share the vision and mission of the TNFD and make themselves available to contribute to the work and mission of the Taskforce. As a member of the Forum, we can participate in research activities that support the Taskforce and its working groups. We have also signed up to be early adopters of the TNFD Framework.

4. Stewardship and engagement

We use our ESG analysis of portfolio companies to identify engagement priorities and advocate for a reduction in the negative impact of our portfolios on nature and the pursuit of opportunities through possible solutions. We also monitor market developments and emerging best practices that are relevant and material for our companies. This informs our engagement efforts.

We champion and promote the advancement of nature-related reporting and protection efforts. We engage with investee companies to encourage reporting and action on evolving nature-related risks and support their adoption of the TNFD framework.

Beyond direct company engagement, we recognise that addressing nature-related challenges requires collective action across the investment industry. We actively participate in several collaborative initiatives:

- The Business Coalition for a Global Plastics Treaty: We are members of this coalition convened by the Ellen MacArthur Foundation and WWF, which brings together more than 300 businesses from across the plastics value chain, financial institutions and NGO partners. The coalition advocates for an ambitious UN treaty that brings plastics into a circular economy, preventing them from becoming waste or pollution. This aligns with our commitment to addressing plastic pollution as a significant threat to marine and terrestrial ecosystems.
- PRI Spring Initiative: We are official endorsers of Spring, a PRI stewardship initiative for nature that addresses the systemic risks of biodiversity loss to protect the long-term interests of investors. We signal our support for coordinated investor action on nature.

These collaborative efforts complement our direct engagement activities by helping to establish industry standards, sharing best practices and creating the scale of influence needed to drive meaningful change.

³ <https://framework.tnfd.global/>

⁴ <https://tnfd.global/about/the-tnfd-forum/>

5. Protecting Nature at MAM

Other than ensuring that the companies we invest in are trying to seek out opportunities to contribute to nature and are avoiding harm, MAM is establishing nature-related practices in a number of ways:

Volunteering

We have partnered with Rewilding Britain, an organisation that restores ecosystems to the point where nature can take care of itself. Rewilding seeks to reinstate natural processes and, where appropriate, missing species – allowing them to shape the landscape and habitats within. Our partnership supports the development of Rewilding Britain's "Rewilding Network", which connects projects across the country and provides education and guidance to those undertaking restoration initiatives.

Through this network, we engage with projects like Wild Woodbury in Dorset, where the Dorset Wildlife Trust is undertaking the country's first community rewilding project. Covering 170 hectares of former farmland, the project aims to restore woodland and wetland habitats, reducing nitrate pollution in local waterways and preventing contamination of Poole Harbour downstream. What makes Wild Woodbury unique is its community focus, it provides opportunities for people of all backgrounds and abilities, including the Montanaro team, to play a hands-on role in creating new spaces for nature through volunteer activities.

Beyond our partnership with Rewilding Britain and involvement in projects like Wild Woodbury, MAM actively encourages broader team participation in environmental volunteering activities that directly contribute to ecosystem health and restoration. For example, members of our team have volunteered with Thames 21, a charity dedicated to improving rivers and canals for people and wildlife, participating in clean-up activities on the Thames shore. These diverse volunteer efforts not only support conservation work across different environments but also deepen our team's understanding of environmental challenges, reinforcing our commitment to nature-positive investing through direct experience of restoration and protection activities.

Urban beekeeping

Around 4 out of 5 wildflowers and crops need animal pollination and 75% of global food production depends on animal pollination⁵. Bees are important insect pollinators, but their populations are declining for a number of reasons, mainly due to disease, pesticides and a lack of food. Urban horticulturalists have less need for agrochemicals that can be damaging to bee health. As a consequence, bees can thrive in urban environments particularly where pollinator friendly plants are prevalent in parks and gardens⁶. MAM has increased the bee population of central London by installing hives on our office roof.

⁵ https://ec.europa.eu/commission/presscorner/detail/en/fs_22_3749

⁶ <https://royalsocietypublishing.org/doi/10.1098/rspb.2014.2849>