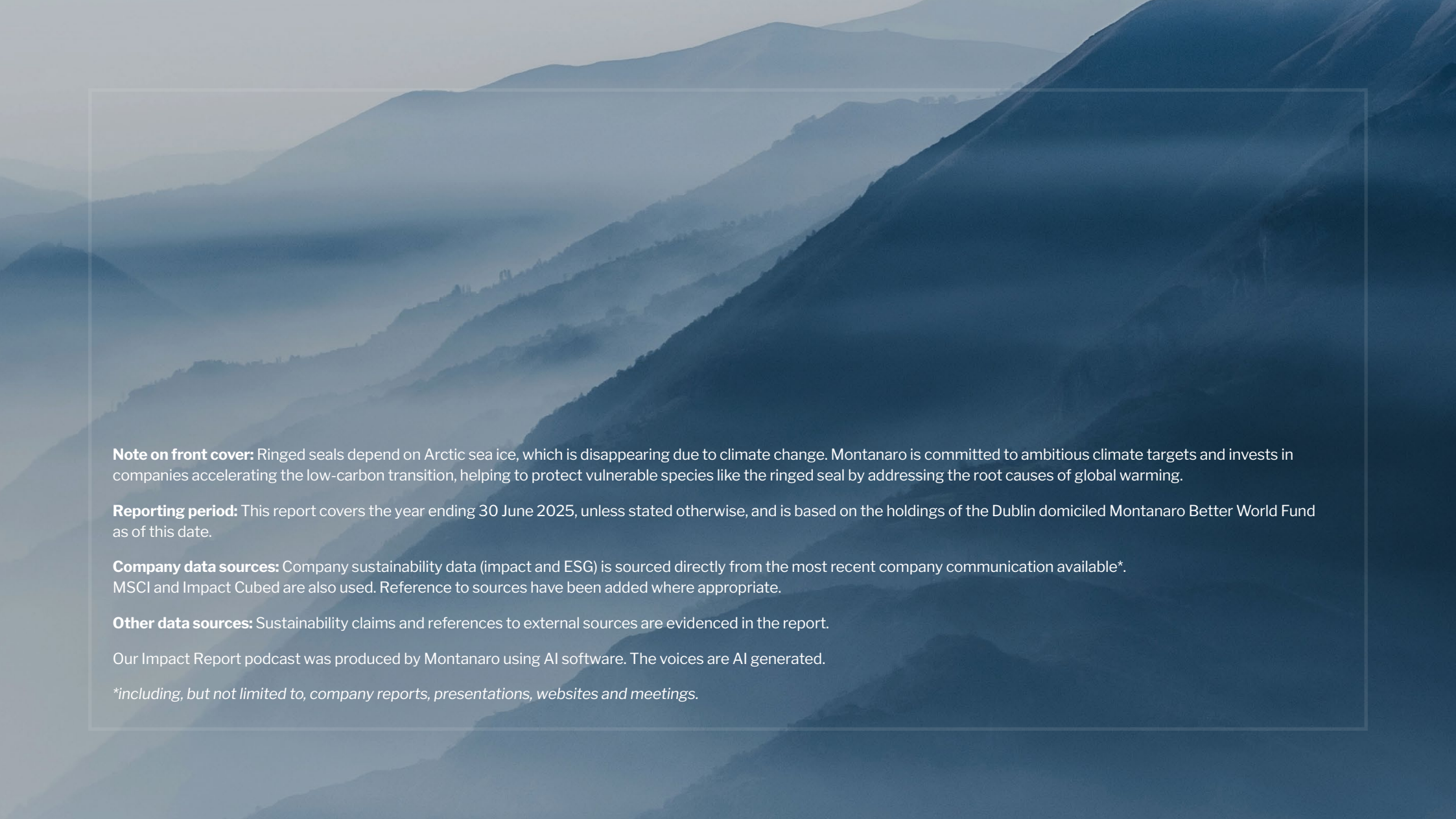
MONTANARO

Better World Fund

Impact Report 2025

Certified B Corporation





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



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

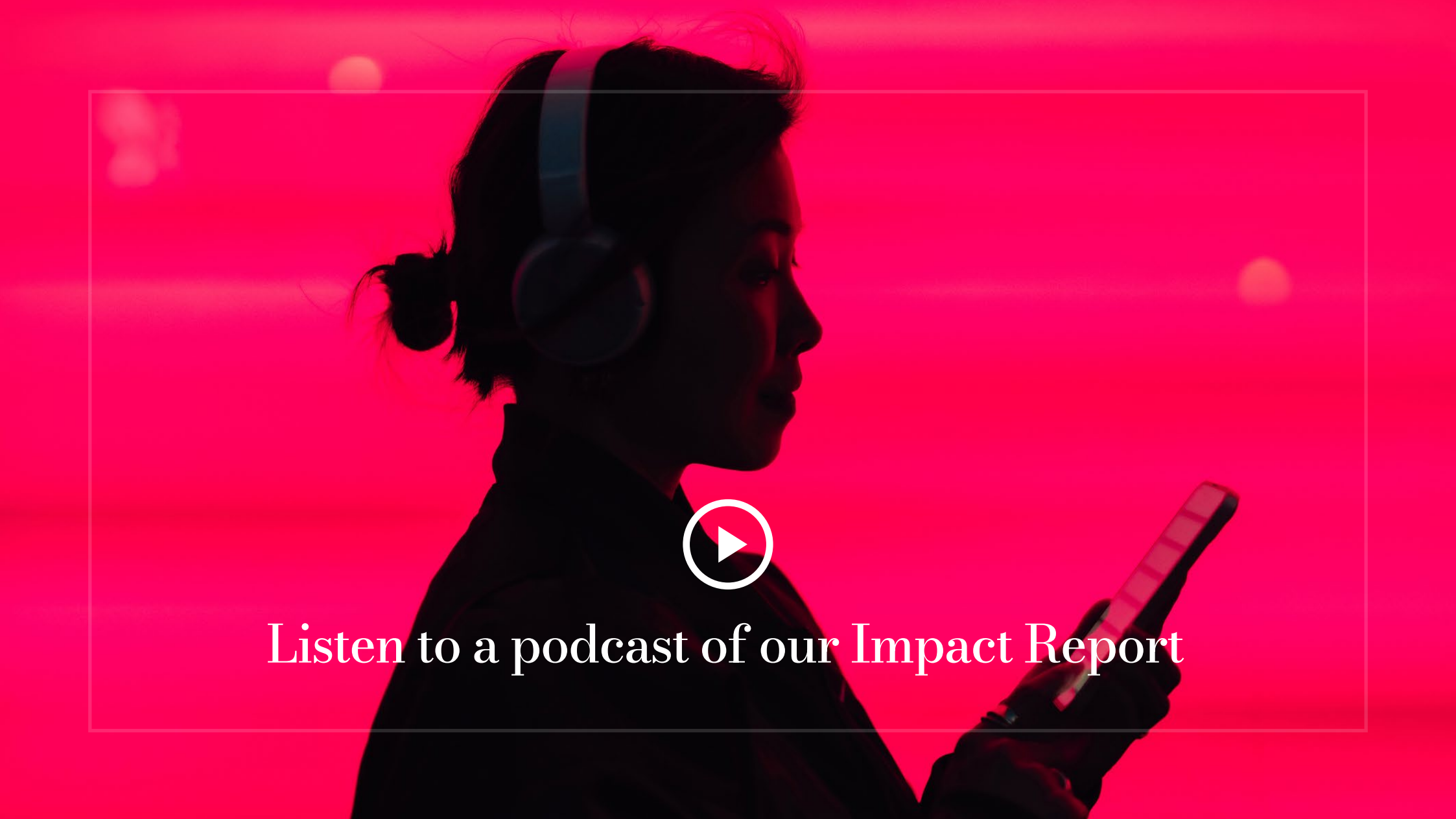
2020

Highly Commended Impact Fund
INVESTMENT WEEK

2019

Best Impact Fund
INVESTMENT WEEK

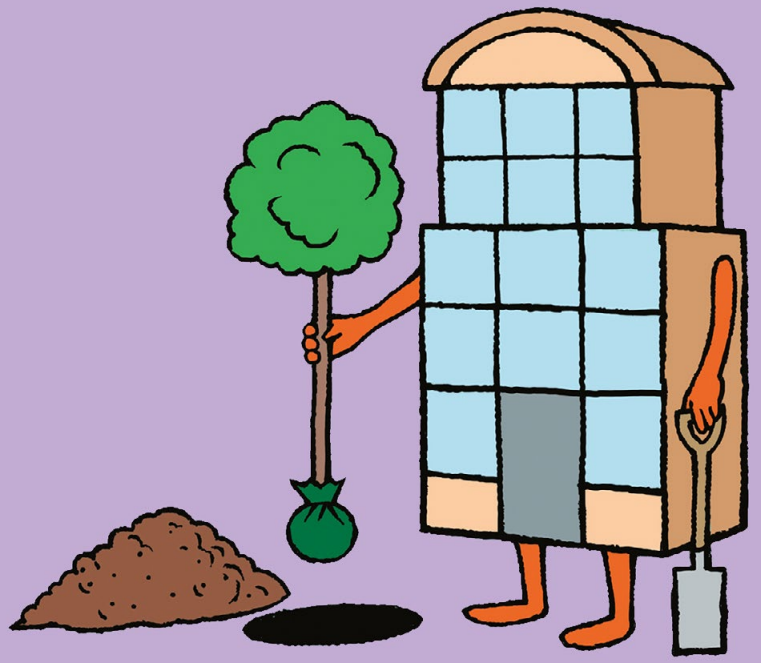
Best Impact Report
PENSIONS FOR PURPOSE


Listen to a podcast of our Impact Report

Contents

INVESTING FOR IMPACT	6
Why invest in Small & MidCap for impact?	7
The UN SDGs	8
Our Impact Themes	9
How we are making an impact	10
A year of real progress	11
THE BETTER WORLD FUNDS	13
Investment objective	14
Impact Team	15
Portfolio review	16
Performance	17
INVESTMENT PHILOSOPHY & PROCESS	18
What makes a “Better World” company?	19
Investment Process	20
Impact Profile	21
ESG Checklist	22
Quality Checklist	23
COMPANIES IN ACTION BY THEME	25
Environmental Protection	26
Green Economy	28
Innovative Technology	30
Healthcare	32
Nutrition	34
Well-being	36
MEASURING OUR IMPACT	38
How we measure impact	39
How we deliver change: Impact360°	40
Theory of Change	41
Portfolio breakdown by Theme	42
The impact our companies have delivered	43
Independent assessment of our impact	49
UN SDG alignment	50
Identifying ESG and Impact leaders	51
Environmental metrics	53
Social & Governance metrics	54
ENGAGEMENT	56
Engaging for impact	57
Engagement case studies	58
Deep Dive reports	59
Stewardship: using your vote	60
Collaborations	61
CLIMATE ACTION	62
Our climate goals	63
How we will be carbon negative by 2030	64
Carbon removal projects	65
Progress towards a net zero portfolio	66
MONTANARO	68
About us	69
Our sustainability journey	70
Sustainability library	71
Charity partners	72
Contact us	74

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

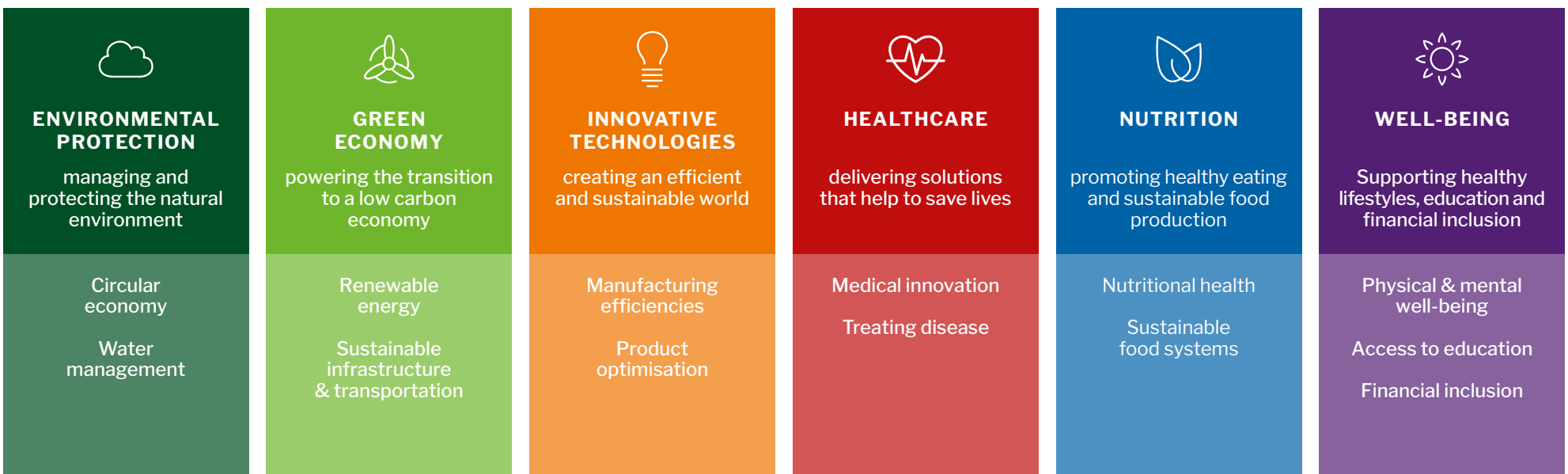
Achieving the UN Sustainable Development Goals will require an estimated US$90 trillion in investment by 2030, with private capital playing a critical role in financing sustainable development.



[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**	• Circular economy • Water management	Promote recycling, reduce landfill and improve water efficiency and treatment	Increased recycling, reduced pollution and improved water security
 **GREEN ECONOMY**	• Renewable energy • Sustainable infrastructure & transport	Accelerate clean energy, decarbonise transport and infrastructure	Lower GHG emissions, increased renewable capacity and greater climate resilience
 **INNOVATIVE TECHNOLOGIES**	• Manufacturing efficiencies • Product optimisation	Improve industrial processes and extend product lifecycles	Reduced emissions and waste and more circular, efficient production
 **HEALTHCARE**	• 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**	• Nutritional health • Sustainable food systems	Improve dietary health and food production sustainability	Healthier populations, less food waste and improved food system resilience
 **WELL-BEING**	• 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.





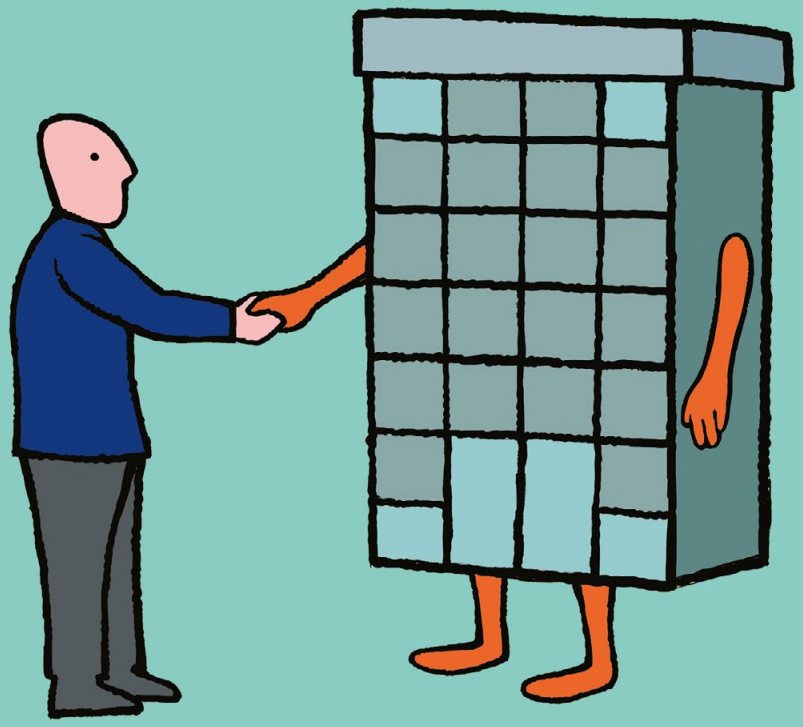
Ed Heaven,
Chief of Staff / Head of Sustainable Investments



"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

Sustainability Impact

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:

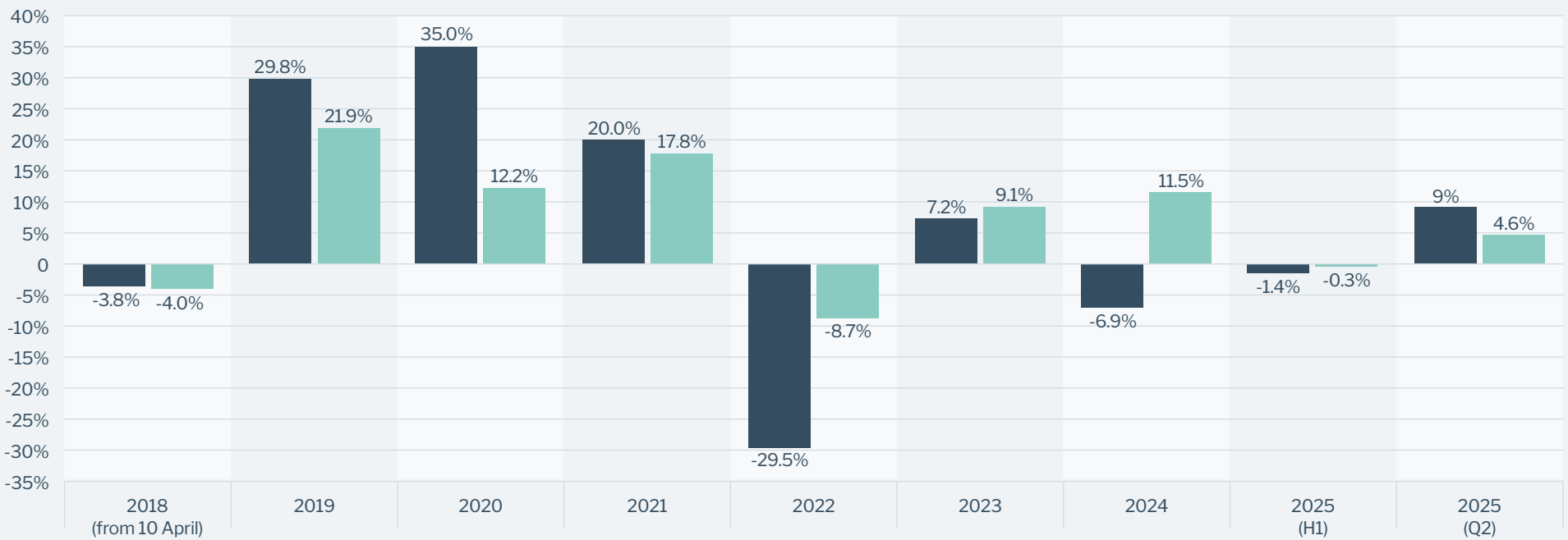
- **Valuation opportunity:** smaller companies trade at historic discounts despite strong fundamentals.
- **Shifting dynamics:** market leadership is broadening, amid a more supportive macro backdrop for Growth and Quality.
- **Active advantage:** inefficiencies in SmallCap create opportunities for active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



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



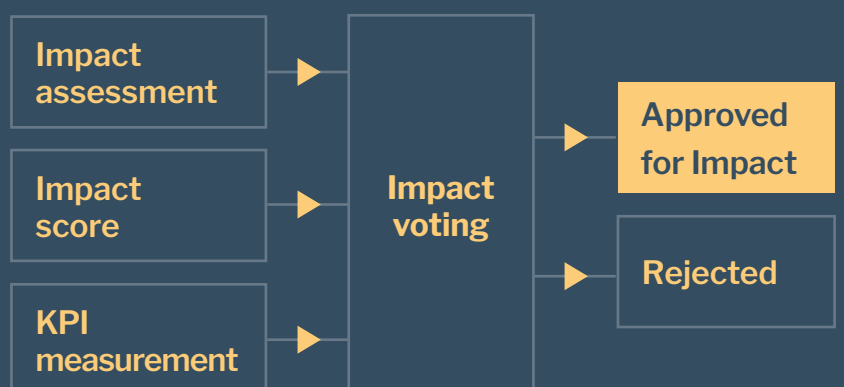
New ideas ▶ Impact analysis ▶ Quality & ESG analysis ▶ Valuation ▶ Approval ▶ Better World Portfolio

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:

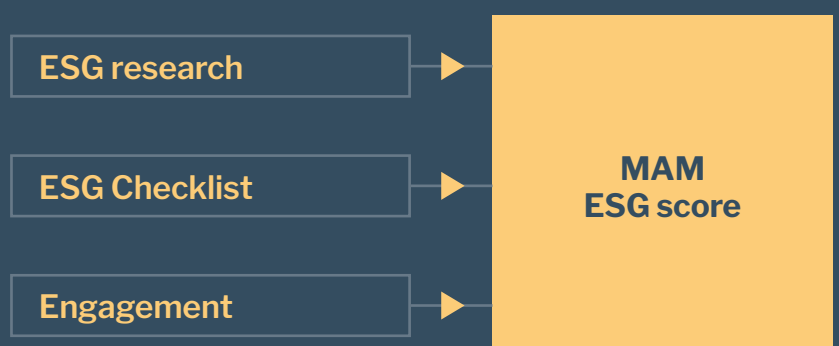
- Positive impact (products & services)
- Differentiation
- Investor contribution (via engagement)
- Intentionality (of management)
- Impact risk
- Revenue alignment to impact themes (at least 50%)
- Key performance indicators (KPIs)



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



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.

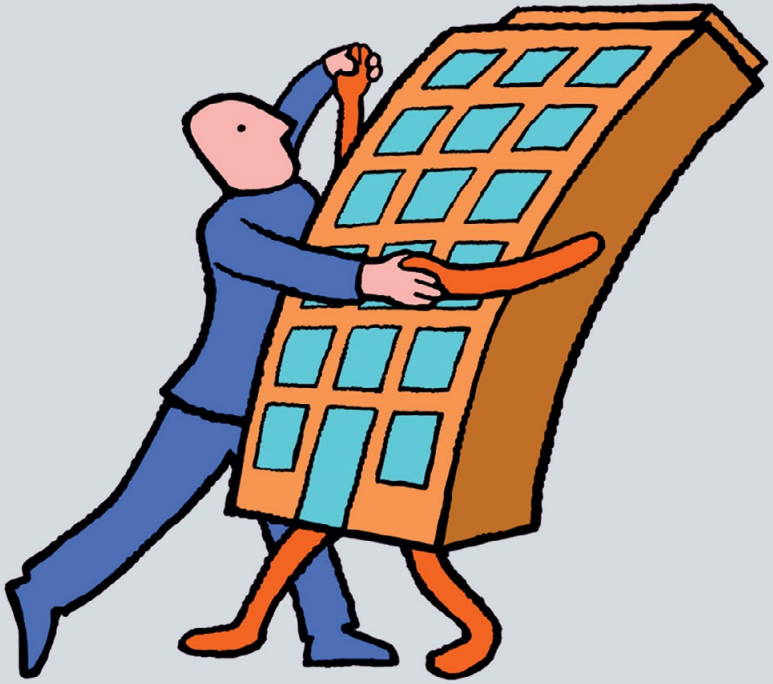
Our due diligence process includes:

- **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




Impact delivers growth...
ESG demonstrates quality

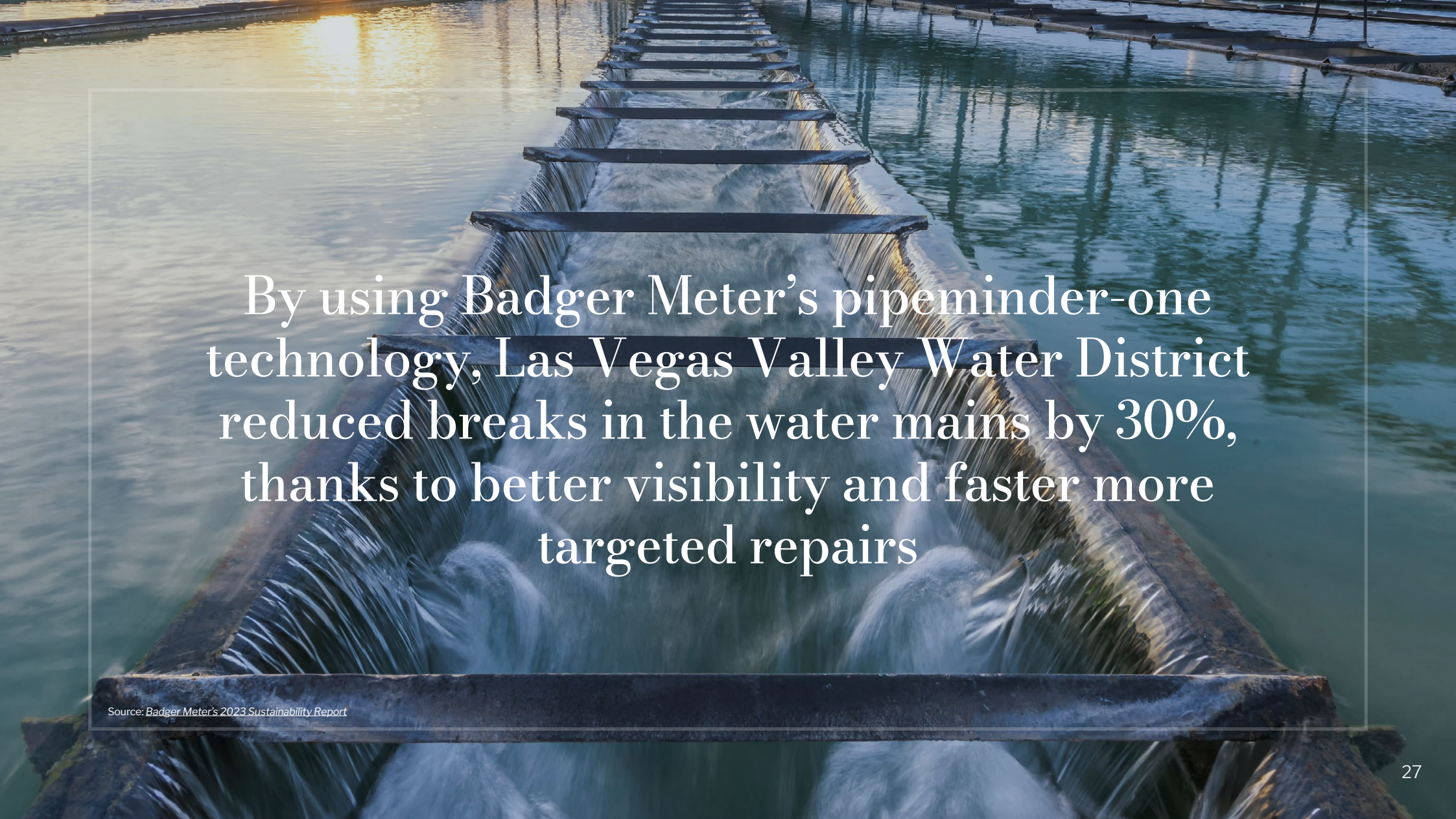
Companies in Action by Theme



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 2023[2]

[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 (tCO_2e) avoided through InPost's delivery model in 2024[3]

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



Automated parcel machines reduce last-mile CO_2 emissions by as much as 75% vs. traditional to-door deliveries

Source: *InPost 2024 Integrated Annual Report*

Innovative Technology

COMPANY	**Tyler Technologies**
COUNTRY LISTING	US
DESCRIPTION	Tyler Technologies provides software that helps schools and local governments run more efficiently with increased transparency.
PROBLEM	Many public services lack digital tools to deliver efficient and accessible support.
SOLUTION	Tyler's platforms improve access to education, transport and public services.
UN SDG	Goal 9: Industry, Innovation and Infrastructure
IMPACT KPI	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*

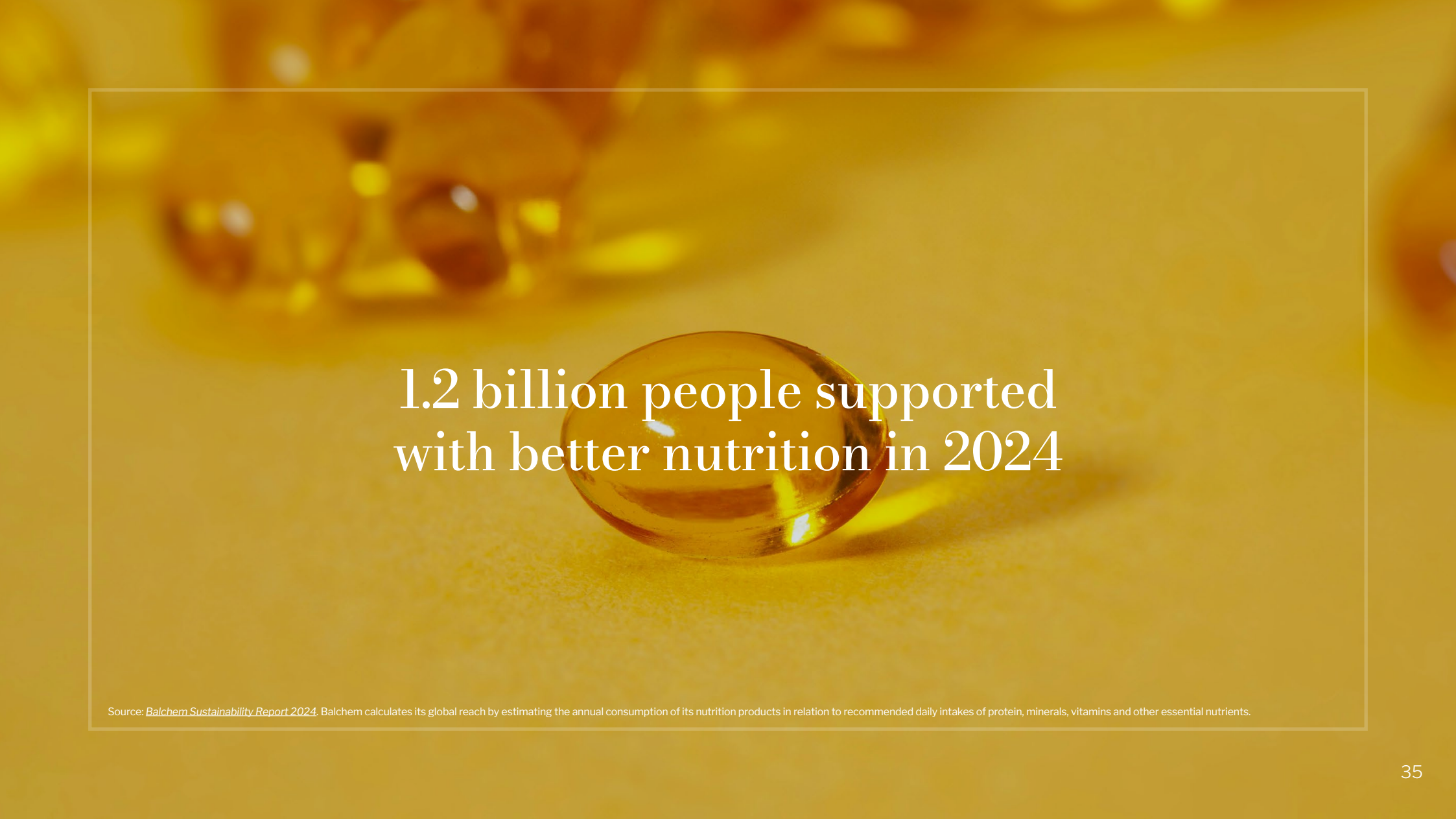
Alk Abello aspires to help 5 million people living with allergies annually by 2030

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*



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	**Stride**
COUNTRY LISTING	US
DESCRIPTION	Stride provides accredited online education to help students stay engaged and succeed outside traditional classrooms.
PROBLEM	Post-pandemic absenteeism has disrupted education for millions of US students.
SOLUTION	Stride's platform enables remote learning for underserved students, with tailored pathways and teacher support.
UN SDG	Goal 4: Quality Education
IMPACT KPI	Over 230,000 students enrolled in 2024, a 20% increase on the previous year.[7]

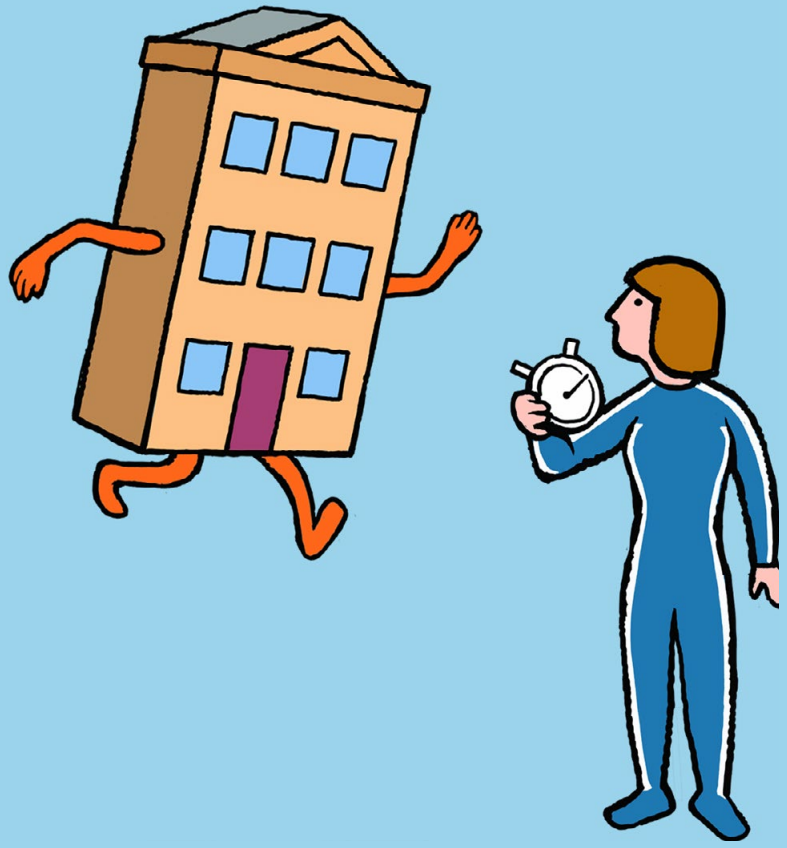
[7] *Stride Q2 2025 results*



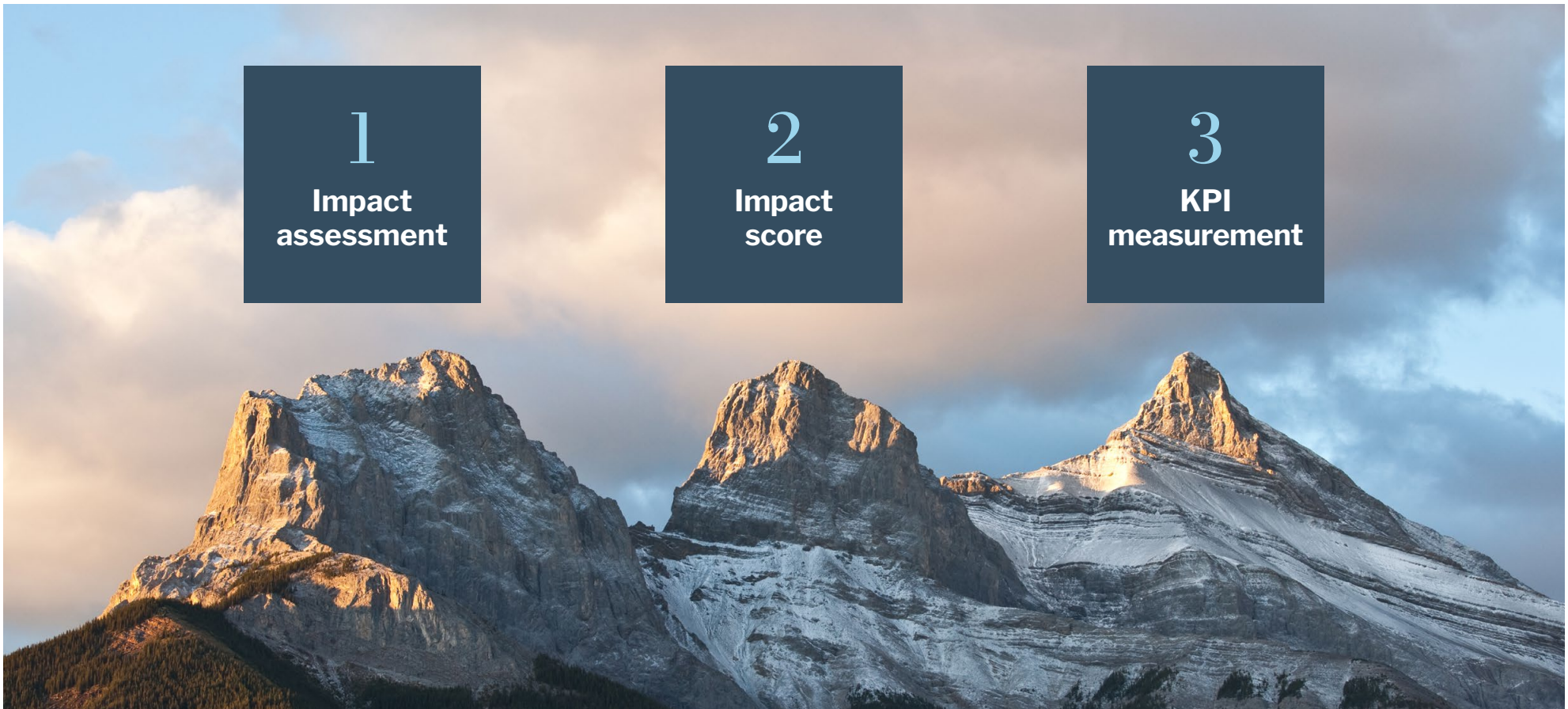
3 million students reached since 1999

Source: *Stride 2024 Annual Report*

Measuring our Impact



How we measure impact



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").

INPUTS	ACTIVITIES	OUTPUTS	OUTCOMES	IMPACT
Impact seeking capital	Company research	Portfolio of c.50 impact companies	Capital invested in impactful companies	**Planet:** contribution to reduced GHGs, cleaner ecosystems, circularity and increased renewable energy
In-house ESG, impact & financial expertise	Impact Profile assessment	KPIs tracked & recorded	Companies empowered to invest for impact	**People:** contribution to improved health, better nutrition, mental well-being and access to education/ finance
Proprietary research tools	Identify KPIs	Engagement results	Business models more aligned with environmental & social goals	
Knowledge of quoted Small & MidCap markets	Fundamental & ESG analysis	Voting results	Public equities become more effective at delivering impact	
	Active engagement	Annual Impact Report published		
	Monitor, vote, escalate, divest if needed			

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

	2025	2024
Recycled waste (bn lbs)	1.5	1.5
Water saved/treated (bn m^3)	22.8	2.4

INNOVATIVE TECHNOLOGIES

	2025	2024
Carbon emissions avoided ($MtCO_2e$)	20	23

NUTRITION

	2025	2024
People with improved nutrition (bn*)	1.2	1.1
Healthy products sold (m)	700	678

GREEN ECONOMY

	2025	2024
Installed renewable energy capacity (GW)	77	1.2
Carbon emissions avoided ($MtCO_2e$)	66	74

HEALTHCARE

	2025	2024
New drug discovery contributions	6,700	5,322
Healthcare treatments (m)	229	202

WELL-BEING

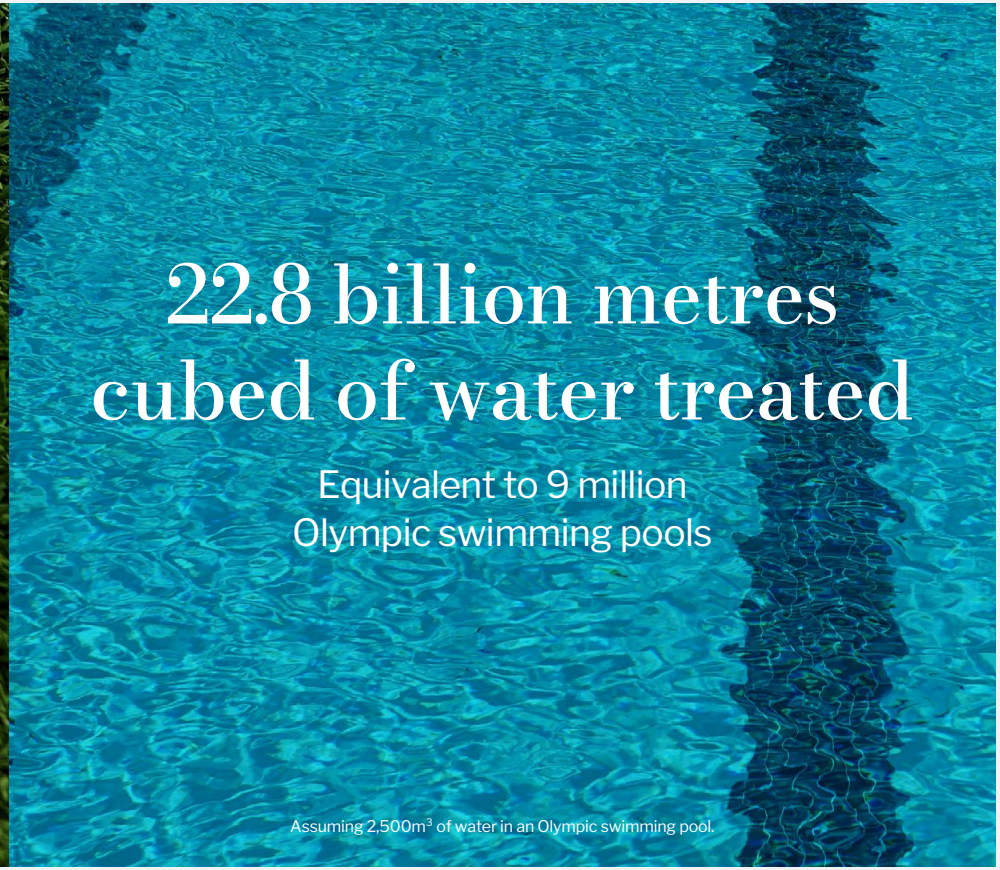
	2025	2024
Increased safety/security (m*)	2.9	0.3
Better physical/mental health (m*)	70	50
Improved education access*	240,000	262,800

*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.

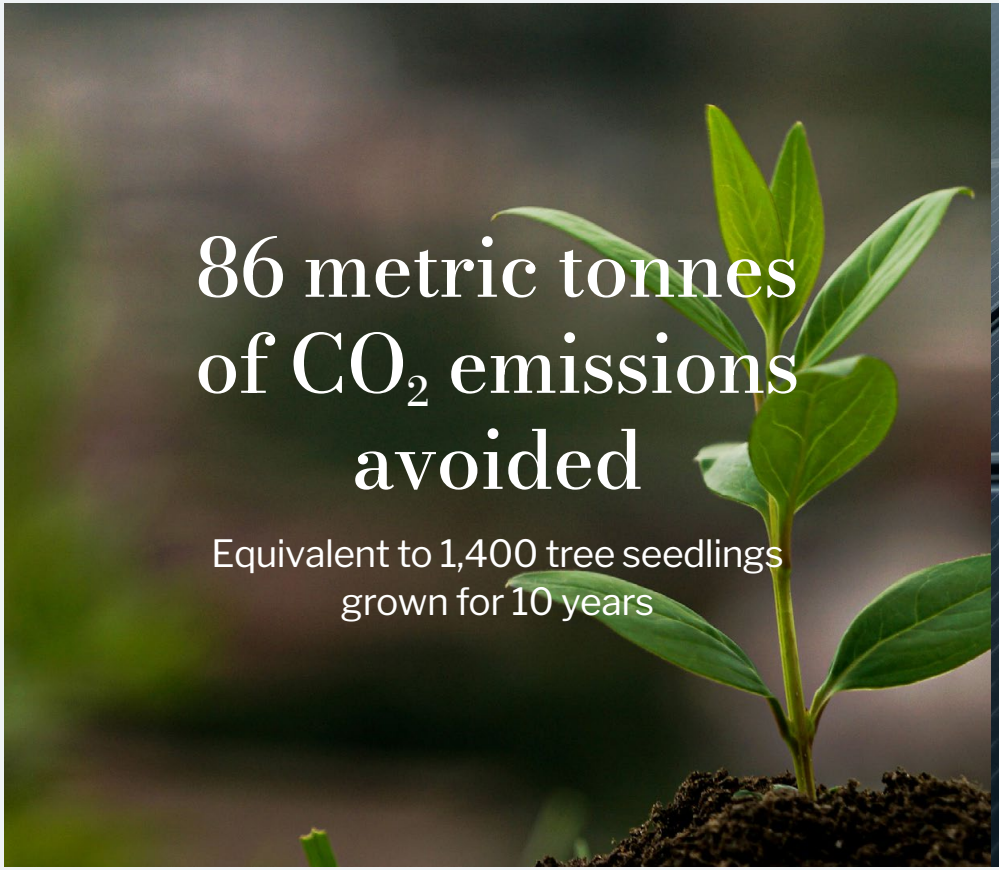
Environmental Protection

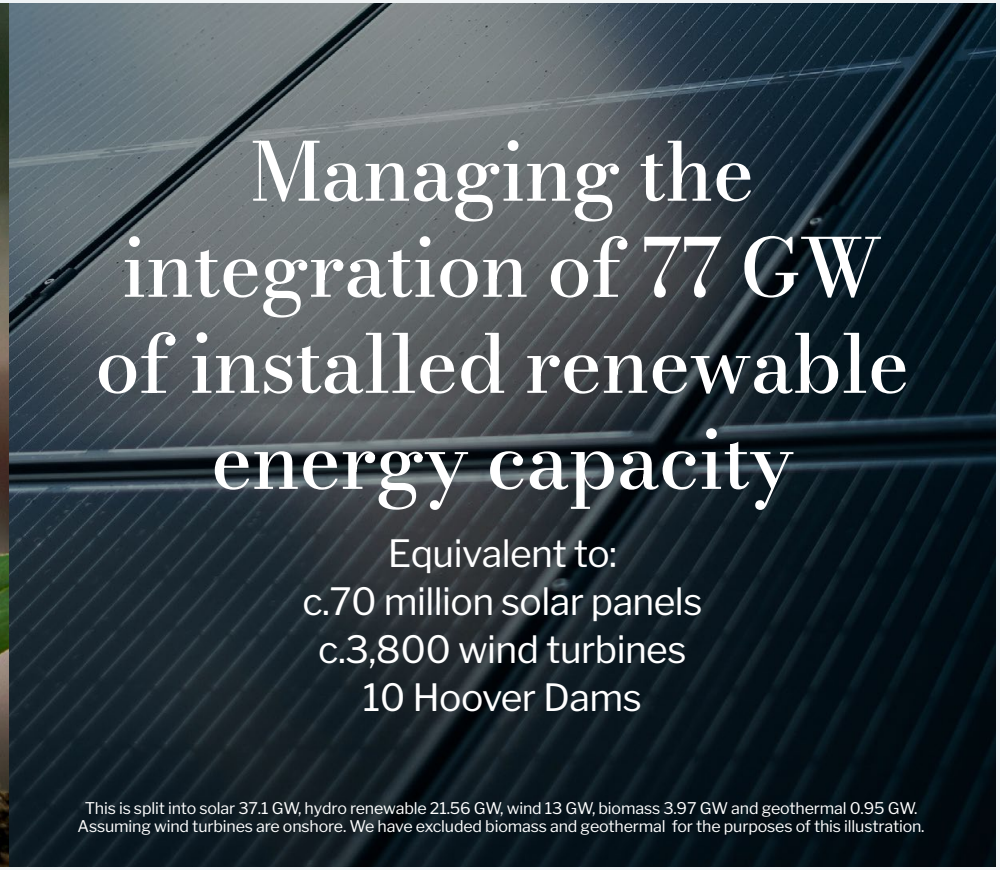




The above figures reflect the impacts delivered by the companies within the Better World portfolio.

Green Economy & Innovative Technology





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

Healthcare





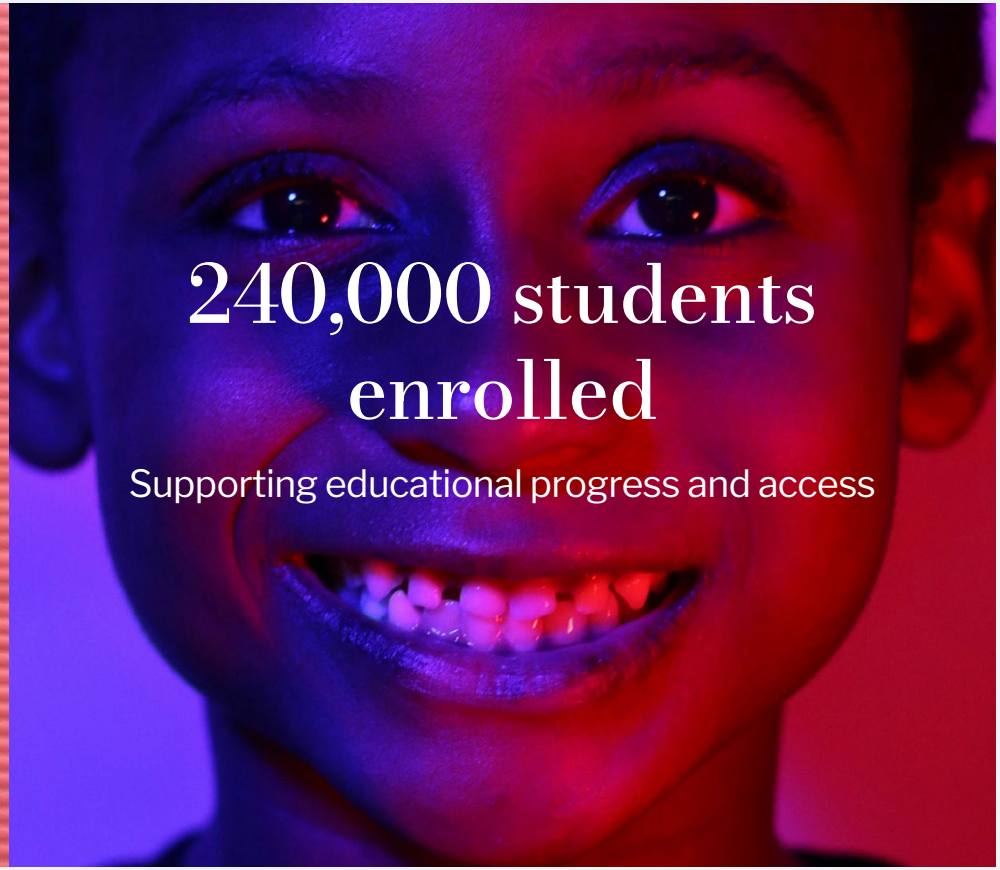
The above figures reflect the impacts delivered by the companies within the Better World portfolio.

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.

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.

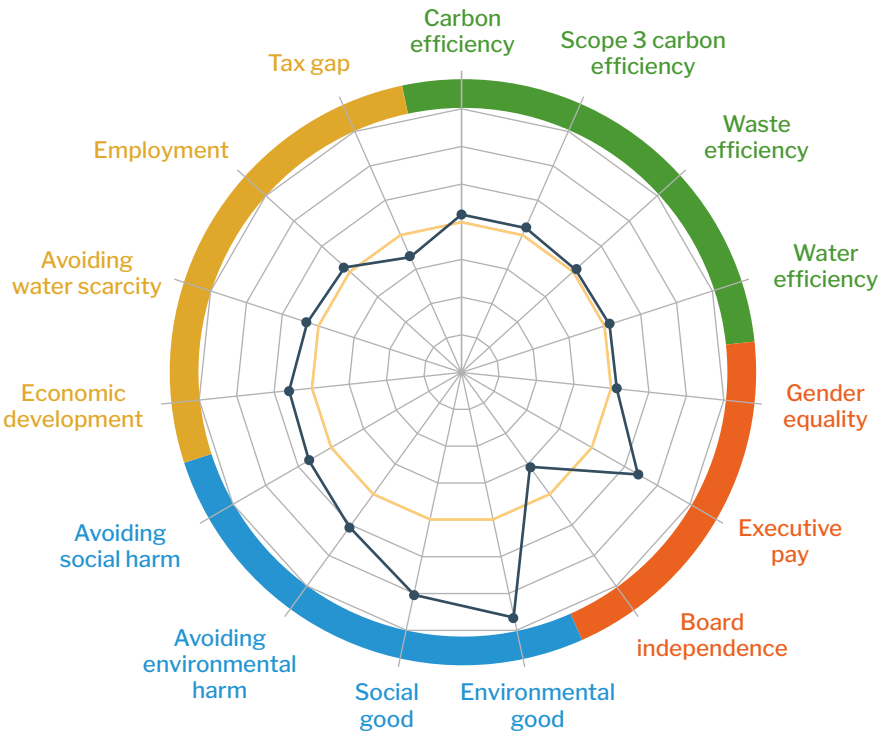
Independent assessment of our impact (by Impact Cubed)

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.

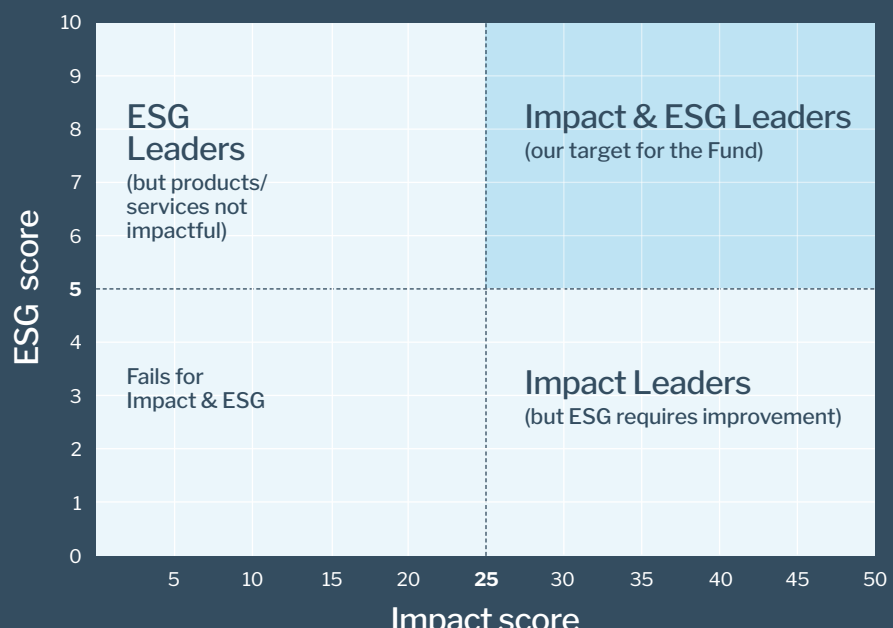
Companies are scored for impact based on our defined criteria. A company must have an impact score of at least 25 in order to pass.

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

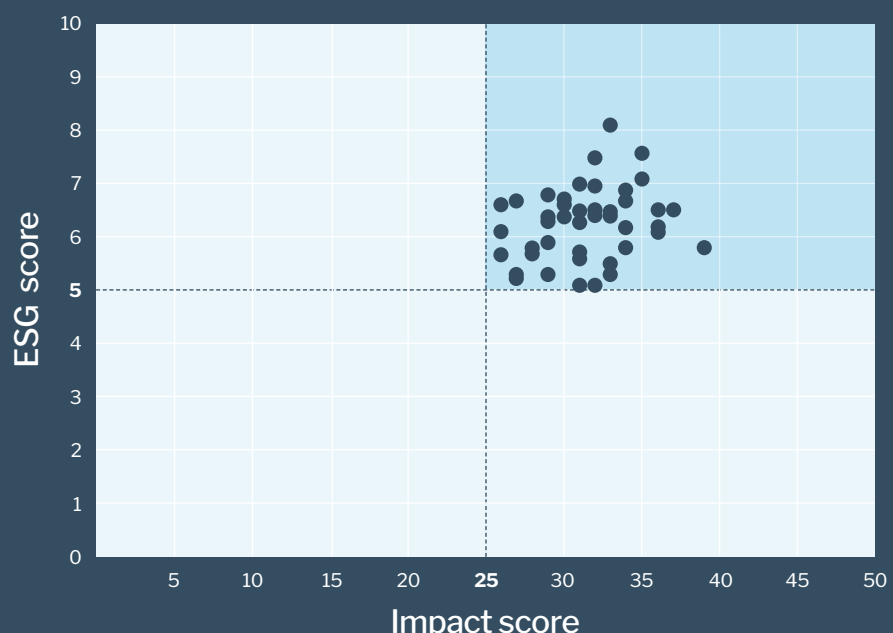
Companies creating positive impact are positioned for long-term growth, while strong ESG practices reflect high-quality businesses with effective risk management.

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.

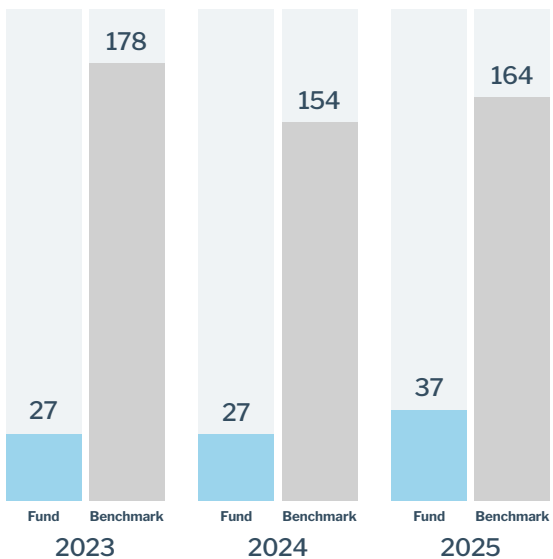
ESG scores versus Impact scores



Environmental metrics

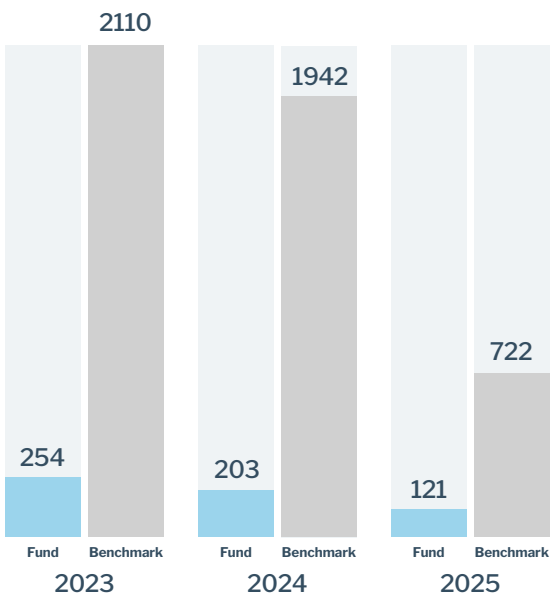
Carbon intensity

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



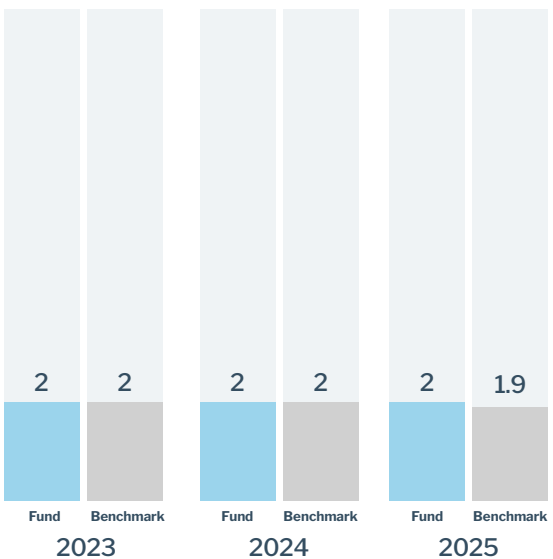
Water intensity

(cubic metres per US$ 1M revenue)



Biodiversity & land use

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

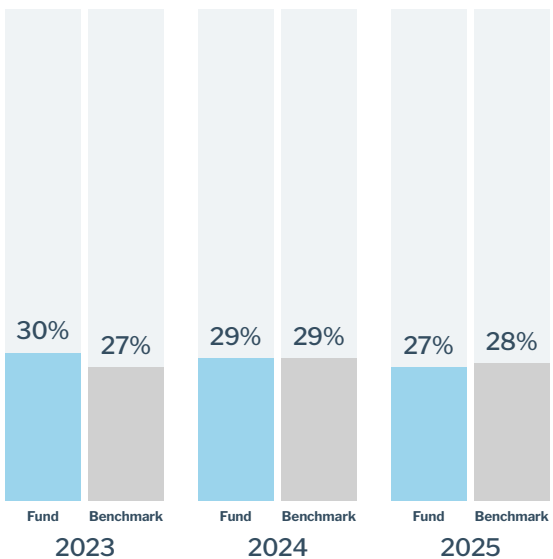


Data source: MSCI: Environmental intensity figures are weighted averages based on the latest available company disclosures.
MSCI's Biodiversity score combines a 0–10 Business Score with a +50% Geographic multiplier, yielding a final score on the same 0–10 scale.

Social and governance metrics

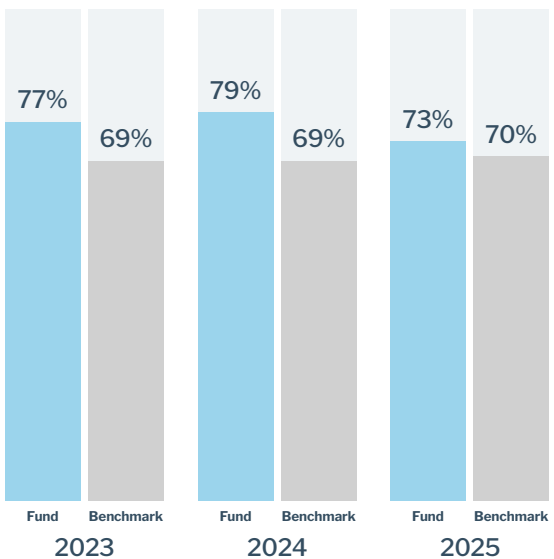
Gender equality

(women on boards and in top management)



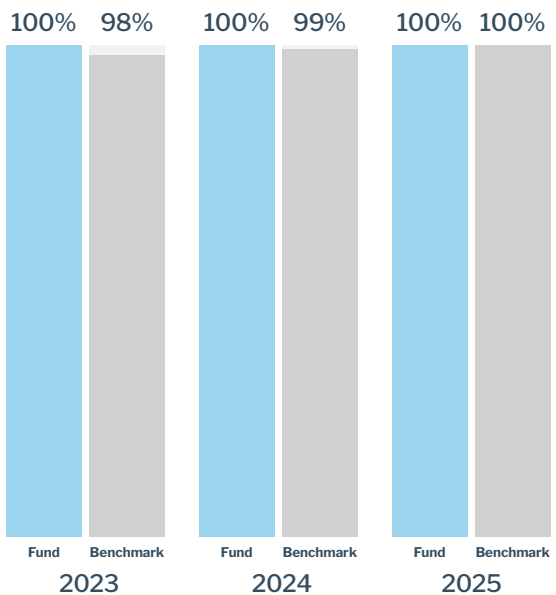
Board independence

(percentage of independent board members)



Business ethics

(percentage of companies with an anti-bribery policy)



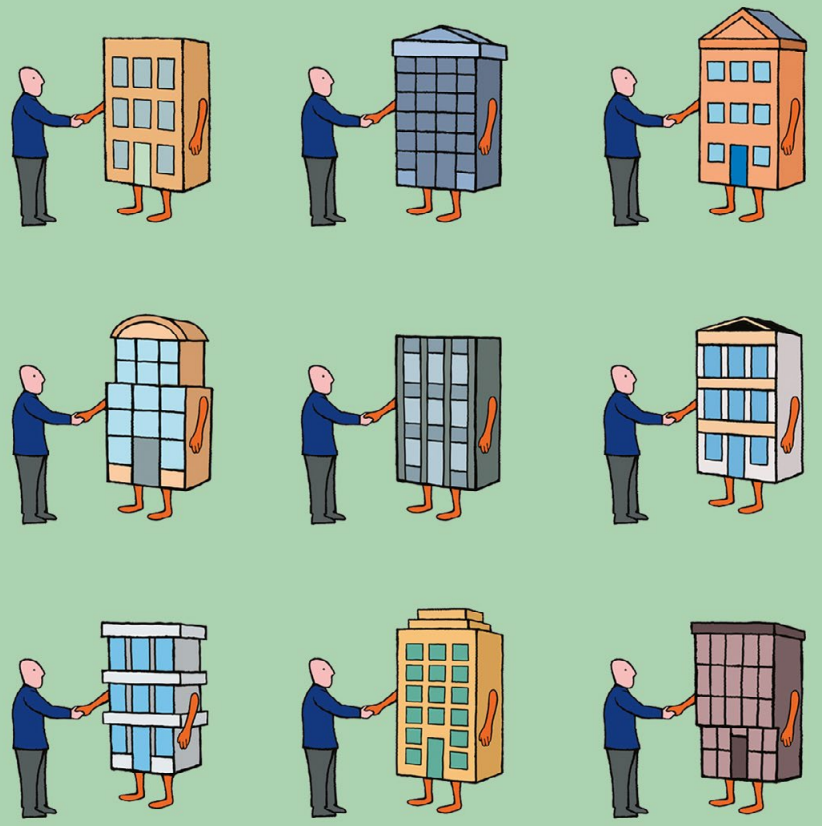
The MSCI World Smallcap index has been adopted as the benchmark for ESG metrics to ensure consistency and relevance. This index provides an appropriate comparison for our portfolio because it focuses on companies of similar size. Specific benchmark figures for Waste Intensity, % Women in Management, 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.

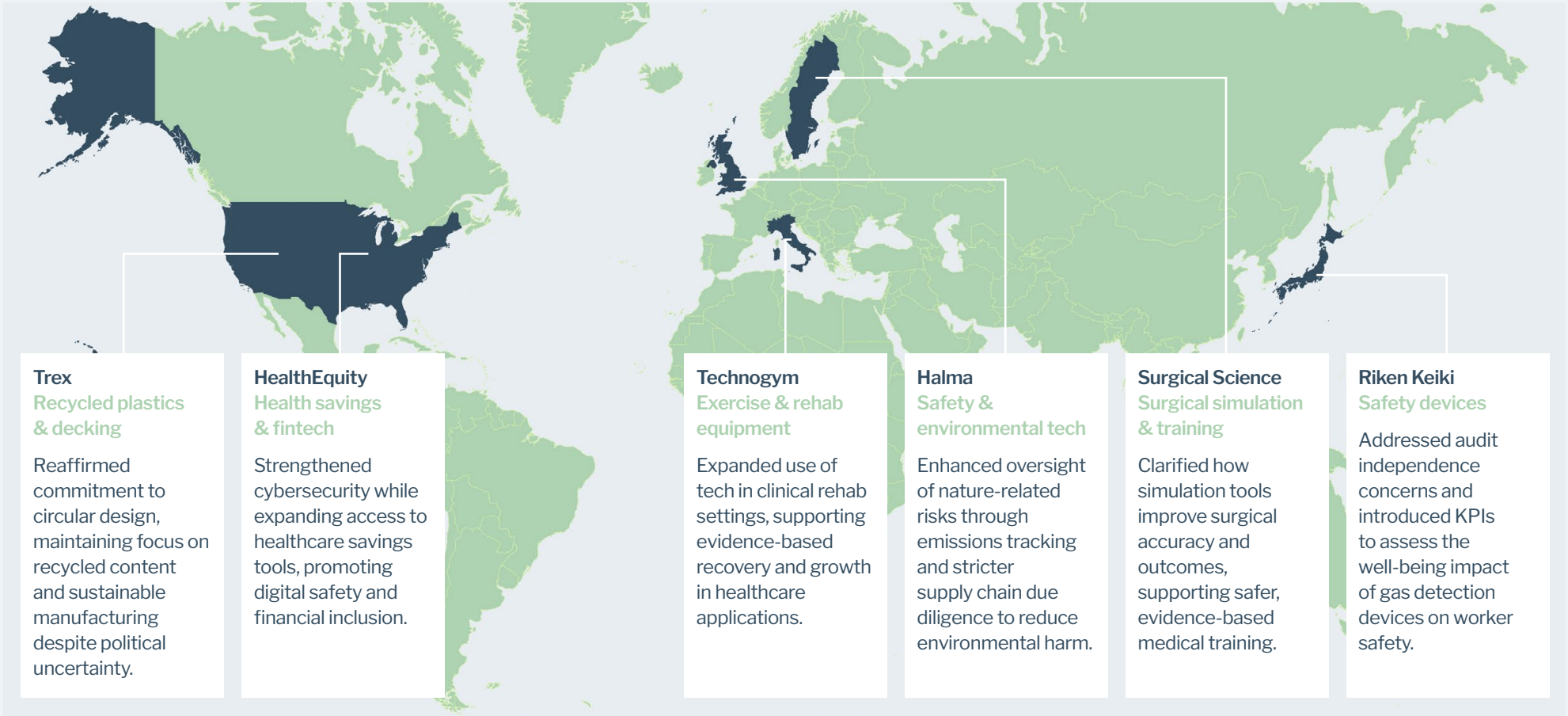
We add value through:

- **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



Trex
Recycled plastics & decking

Reaffirmed commitment to circular design, maintaining focus on recycled content and sustainable manufacturing despite political uncertainty.

HealthEquity
Health savings & fintech

Strengthened cybersecurity while expanding access to healthcare savings tools, promoting digital safety and financial inclusion.

Technogym
Exercise & rehab equipment

Expanded use of tech in clinical rehab settings, supporting evidence-based recovery and growth in healthcare applications.

Halma
Safety & environmental tech

Enhanced oversight of nature-related risks through emissions tracking and stricter supply chain due diligence to reduce environmental harm.

Surgical Science
Surgical simulation & training

Clarified how simulation tools improve surgical accuracy and outcomes, supporting safer, evidence-based medical training.

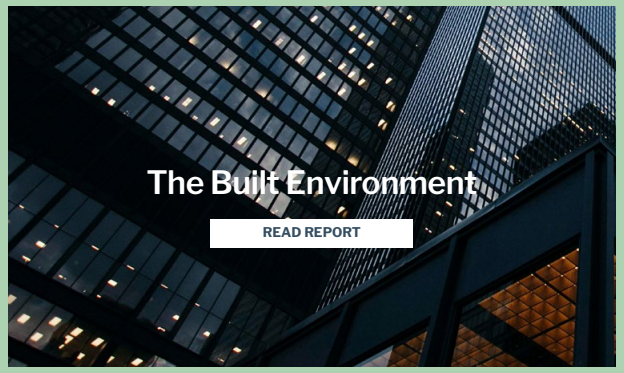
Riken Keiki
Safety devices

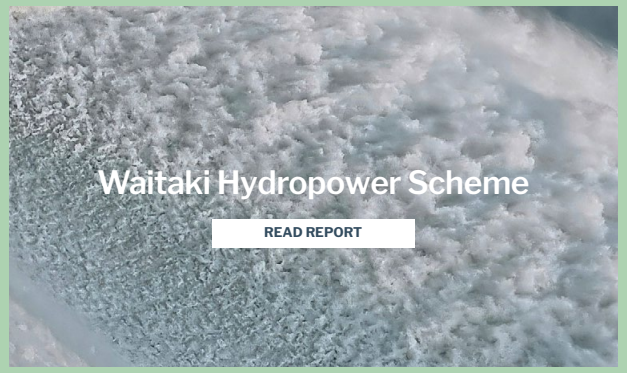
Addressed audit independence concerns and introduced KPIs to assess the well-being impact of gas detection devices on worker safety.

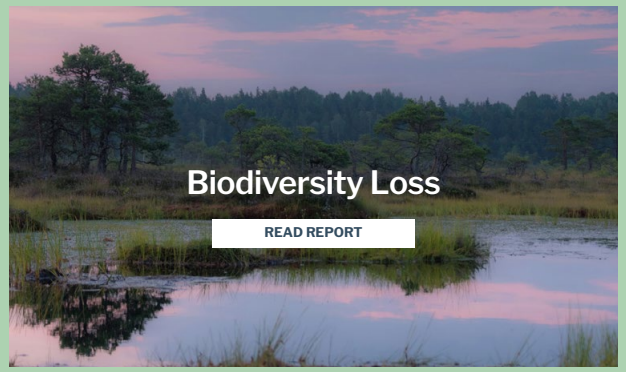
Deep Dive reports

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













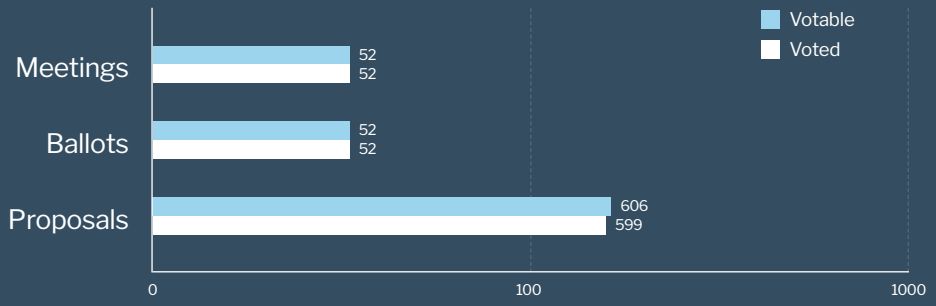
Stewardship: using your vote

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.

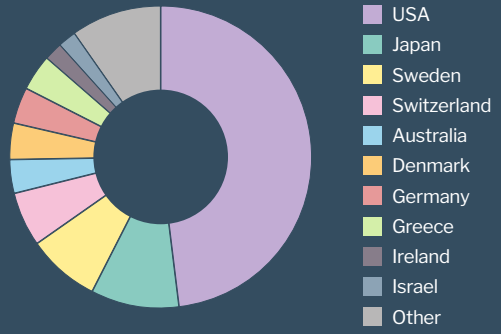
Voting was 97% aligned with management recommendations. Votes against management primarily related to executive remuneration.

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

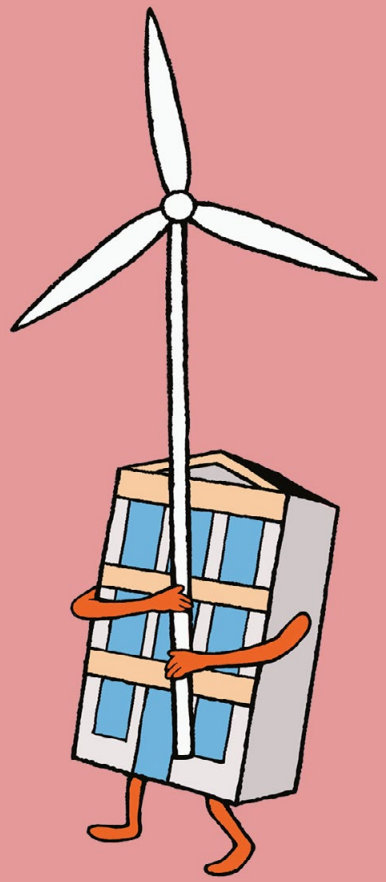


Source: ISS

Collaborations

PRI	Principles for Responsible Investment(PRI)	2009	TOBACCO FREE	Tobacco Free Portfolios Finance Pledge	2022
UK STEWARDSHIP CODE	UK Stewardship Code	2010	LIVING WAGE FOUNDATION	Living Wage Accreditation	2022
CDP	Carbon Disclosure Project (CDP)	2015	UKSIF UK Sustainable Investment and Finance Association	UK Sustainable Investment and Finance Association (UKSIF)	2023
LGPS ADVISORY BOARD CODE OF TRANSPARENCY	LGPS Code of Transparency	2017	GFANZ	GFANZ (Glasgow Financial Alliance for Net Zero)	2023
Certified B Corporation	B Corporation	2019	ShareAction»	ShareAction	2023
FAIRR A COLLER INITIATIVE	Farm Animal Investment Risk and Return (FAIRR)	2019	BUSINESS COALITION FOR A GLOBAL PLASTICS TREATY	Business Coalition for a Global Plastics Treaty	2023
Net Zero Asset Managers Initiative	Net Zero Asset Managers Initiative (NZAM)	2020	TNFD	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:

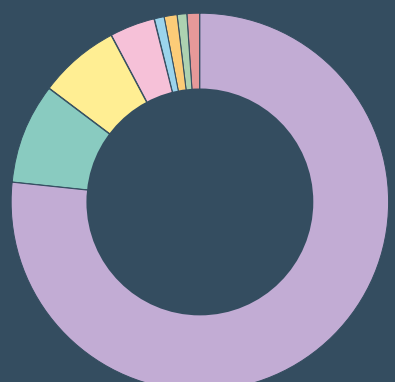
- significantly reduce operational carbon emissions from a 2019 baseline
- implement a carbon removal scheme to neutralise our historical emissions by 2030

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



Reforestation	666 tonnes	78%
Industrial Biochar	77 tonnes	9%
Microbial Carbon Mineralisation	60 tonnes	7%
Soil sequestration	34 tonnes	4%
Bio-oil	8.5 tonnes	1%
Direct Air Capture (DAC)	8.5 tonnes	1%
Aquatic Biomass Sinking	8.5 tonnes	1%
Enhanced weathering	8.5 tonnes	1%

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 CO_2 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.



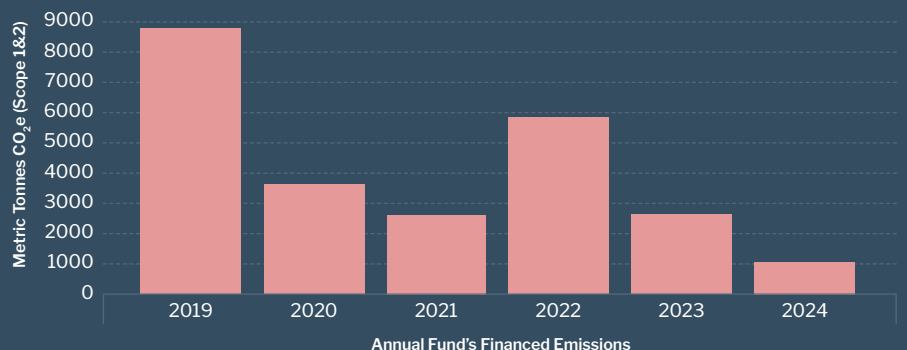
Progress towards a net zero Portfolio

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 CO_2e as of December 2024.

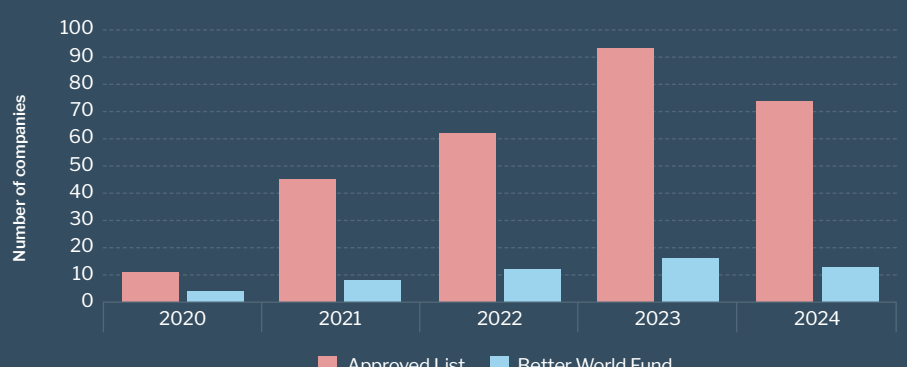
This is well ahead of our interim target of reducing emissions by 50% by 2030.

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



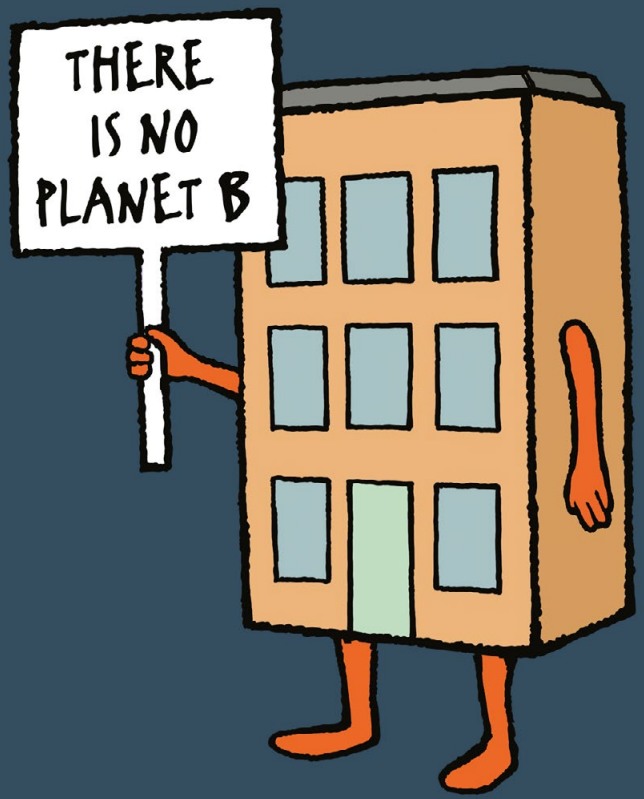


“Faster. More digitalised. More sustainable. Fairer. This is the energy transition we want.”

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.

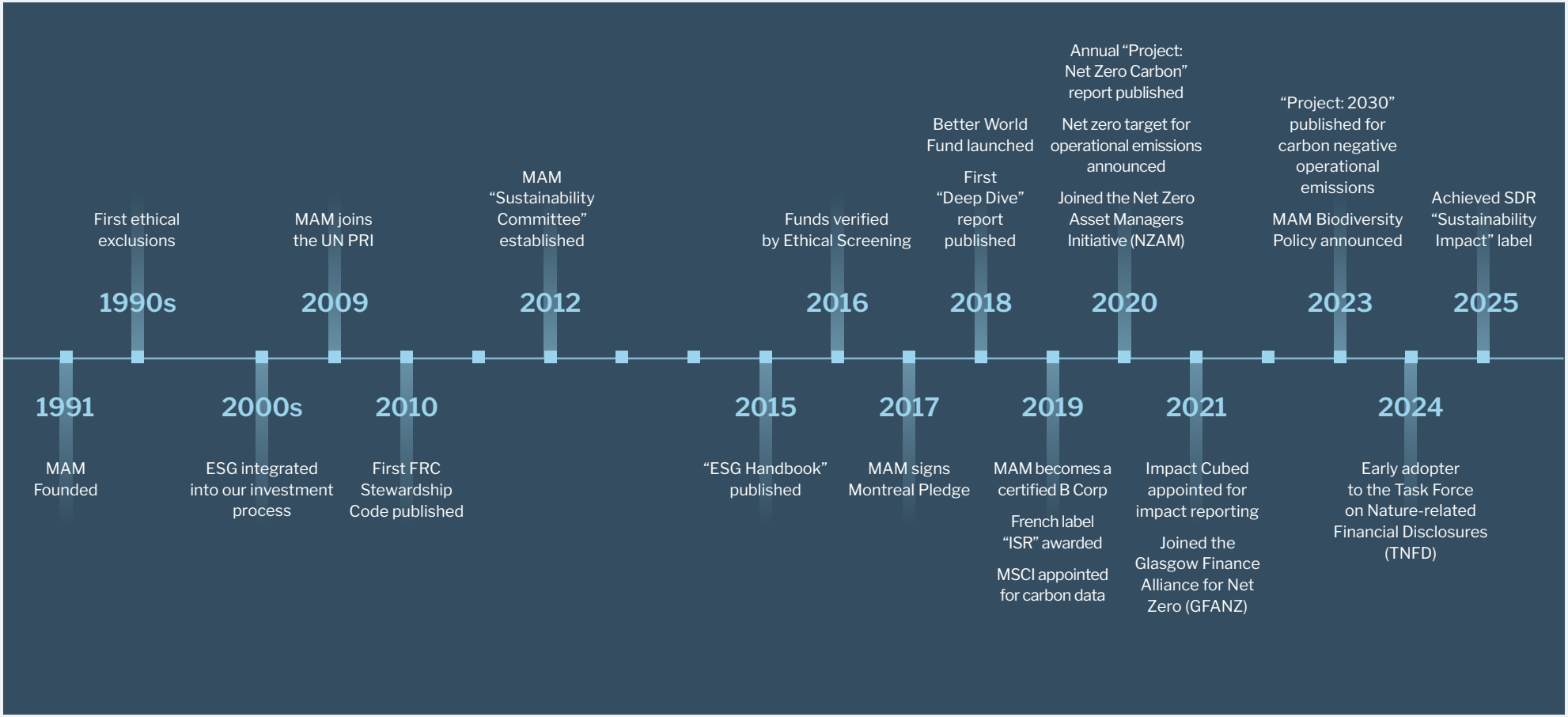
Montanaro was named “ESG Champion of the Year” at the Financial Times & Investors' Chronicle Investment Awards in 2023 and 2024. We have also won awards for our impact reporting from Pensions for Purpose, Best Impact Fund from Investment Week and Best ESG Global Equity fund from the consultant Mainstreet 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.



This is a marketing communication and is not a contractually binding document.

This financial promotion is intended only for professional and institutional investors. Some or all the Share Classes of the Montanaro Better World Fund are registered for sale in the following jurisdictions: United Kingdom, Denmark, Finland, France, Iceland, Italy (Institutional Investors only), Netherlands, Norway, Spain, Sweden. The WS Montanaro Better World Fund is a UK domiciled fund that is only available to UK investors. Please refer to the Prospectus and the Key Investor Information Document / Key Information Document, which are available from https://montanaro.co.uk/our-funds/ and do not base any financial investment decision on this communication alone.

Past performance is not a reliable guide to future performance. Your capital is at risk. The value of investments and the income from them may fall as well as rise and may be affected by factors including adverse markets and foreign exchange rate movements and you may not get back what you originally invested.

This marketing material is issued by Montanaro Asset Management Limited ("MAM") and is intended solely for distribution to persons described in Article 11(3) of the Financial Services and Markets Act 2000 (Investment Advertisements) (Exemptions) Order 1995, or to those to whom this document may lawfully be issued or passed on. It may not be copied, distributed, or otherwise made available to any recipient without MAM's express written consent. The document is neither a prospectus, nor listing. It is provided for background purposes, should not be relied upon by any recipient, and is subject to material updating, revision, and amendment. No representation or warranty, express or implied, is made, and no liability whatsoever is accepted in relation thereto. This marketing material does not constitute investment advice.

References to the outlook for markets are intended simply to help investors with their thinking about markets and the multiple possible outcomes. Investors should always consult their advisers before investing. All data contained herein have MAM as its source unless otherwise stated. All performance data have been calculated by MAM. Performance Attribution data in particular should be treated as indicative rather than definitive.

Montanaro Asset Management (Company Number: 3246931) is registered in England, with its registered office at 53 Threadneedle Street, London, EC2R 8AR. Montanaro Asset Management (FCA Reg. No. 183211) is authorised and regulated by the Financial Conduct Authority, 12 Endeavour Square, London, E20 1JN.

Contact us

Ed Heaven
Chief of Staff & Head of Sustainable Investments

Harriet Topham
Product & Sustainability Specialist

Kate Hewitt
ESG & Impact Specialist

Montanaro Asset Management Limited
53 Threadneedle Street
London EC2R 8AR
United Kingdom

+44 20 7448 8600
enquiries@montanaro.co.uk
www.montanaro.co.uk

MONTANARO