



## **PRIVATE TRANSPARENCY REPORT**

**2023**

**Aberforth Partners**

Generated 15-12-2023

# About this report

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

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

The private Transparency Reports, which are produced using signatories' reported information, support signatories to have internal discussions about their practices. Signatories can also choose to make these available to clients, beneficiaries, and other stakeholders.

This private Transparency Report is an export of your responses to the PRI Reporting Framework during the 2023 reporting period. It includes all responses (public and private) to core and plus indicators.

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

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

## Disclaimers

### Responsible investment definitions

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

### Data accuracy

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

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

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# SENIOR LEADERSHIP STATEMENT (SLS)

## SENIOR LEADERSHIP STATEMENT

### SENIOR LEADERSHIP STATEMENT

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

#### Section 1. Our commitment

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

Aberforth was established in 1990 and remains wholly owned by partners working at the firm. Its purpose is unchanged, to deliver superior long-term investment returns for its client and, by extension, for the ultimate beneficiaries of its clients' portfolios. Three central aspects of the firm - partnership, a focus on small UK quoted companies and a value investment philosophy - support the pursuit of this purpose. The strategy by which all Aberforth's portfolios are invested follows a value investment philosophy. Encouraged by historical evidence, the firm believes that this philosophy plays a central role in the achievement of superior long-term returns. Given this unwavering adherence to value investment, Aberforth's primary consideration in any investment decision is a company's valuation. Aberforth also believes that discreet engagement with the boards of investee companies on matters such as their governance, capital allocation, and environmental and social policies can improve the chances of value realisation, to the benefit of clients.

Careful stewardship of clients' capital has been central to how Aberforth has approached investment and the running of its own business since foundation. This is evidenced by long term commitments to voting and to engagement. Engagement is conducted discreetly by the fund managers and is fully integrated into the investment process. Aberforth actively engages with the executives and non-executives of investee companies on an on-going basis. The intensity of engagement increases whenever issues arise that seem likely to affect a company's value. These issues include operational matters, capital allocation, environmental impact, social considerations and governance. It can extend to efforts to effect change if Aberforth determines that such change is likely to lead to an enhancement of the value of its clients' capital.

Aberforth integrate consideration of ESG factors into the investment process: anything that affects the value of an investee company is relevant and, depending on the significance of its impact, may be the subject of engagement. Aberforth believes that a company's system of governance is crucial to how its environmental and social policies are designed and implemented. It is therefore important that boards describe their approach to managing these issues. There is evidence that investment returns can be enhanced by investment in and engagement with companies that face ESG challenges. Working with companies to address concerns through improved reporting practices or setting formal goals related to issues such as carbon emissions can influence value and enhance returns.

Except when requested by clients, Aberforth does not exclude investments from portfolios on the basis of ESG considerations alone. There is evidence that investment returns can be enhanced by investment in and engagement with companies that face ESG challenges and are already seeking to address them or can be encouraged to do so.

#### Section 2. Annual overview

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

Aberforth's high level of investment management resource enables effective engagement with investee company boards on any matter that is relevant to a company's valuation. Aberforth's ESG integration is rooted in the view that a company's system of governance is crucial to how all risks and opportunities – ESG and others – are identified and managed. The broader awareness and understanding of environmental and social issues has accentuated their effects on stockmarket valuations during the reporting period. As a result, the number of engagements related to environmental and social issues increased.

This has been helped by improvements to the Aberforth's proprietary database, which is used to record and forecast company financials, fair value estimates and active engagements. Aberforth developed its own ESG framework for identifying, evaluating and tracking relevant ESG issues among investee companies. This was launched during the reporting period. The ESG framework is based on a risks and opportunities analysis of 12 environmental, social and governance sub factors. The framework is built around two scores: a risk score and an evaluation score. As part of the evaluation process, investment managers also record several data points. These data are likely to influence evaluation scores for relevant subfactors. The process of refreshing evaluation scores occurs annually following the release of the annual report and other sustainability disclosures. To provide a subtler indication of progress over the year, each E, S and G factor can be flagged as either "Improved", "No Change" or "Weakened". Consistency of scoring among the investment managers is helped by an annual oversight meeting conducted by the Stewardship Committee, which identifies and discusses outliers in the data. At the end of 2022 two years of portfolio ESG data had been gathered, which was assisted by the 2021 ESG survey of investee companies that Aberforth conducted. The survey primarily focussed on climate change policies, emissions reduction targets and their verification by third parties. The ESG framework is delivered through Aberforth's proprietary database, specifically the application's ESG module.

Improvements were also made to the way Aberforth records and monitors engagements. It is important to note that the firm does not follow a one size fits all approach towards engagement. Engagement occurs on any matter that might affect the valuation of an investee company. Whilst engagement is conducted by the investment managers, the prioritisation of engagements is undertaken by the investment committee at its formal weekly meeting and ad hoc as required. This results in the agreement of an engagement strategy and objectives, which are then recorded and monitored. During the reporting period, Aberforth enhanced the engagement module as part of its proprietary database so that engagements are aligned to the firm's ESG framework. This allows engagement objectives to be set, monitored and recorded according to relevant ESG subfactor. This includes an assessment of whether an objective was met, partially met or not met upon completion of the engagement. Further, data on collaborative engagements and associated outcomes is gathered. Concluded engagements include data related to the influence the engagement had relevant vote at the annual general meeting or other special meetings. The primary objective of these improvements is to form more accurate estimates on a company's fair value.

A secondary outcome of these improvements is a richer dataset that allows enhanced reporting on relevant ESG issues, an example of which was the delivery of a tailored ESG report for one of the firm's clients. These initiatives were managed by Aberforth's Stewardship Committee, which reports to the partnership and was established within the firm's governance structure in 2022. The firm added resource in the form of a Head of Sustainability and Investor Relations (H of S&IR) in the reporting period. Further, during the reporting period one investment manager, who also chairs the Stewardship Committee, completed the certificate in ESG investing, which is issued by the CFA Institute.

Aberforth's Stewardship Policy has been updated for its 2022 engagements and votes cast. This is available on Aberforth's website together with the release of the ESG integration framework and other updated stewardship documentation. At the firm level, Aberforth's annual Governance & Corporate Responsibility Statement now includes the GHG emissions of the firm. The firm's small size means TCFD reporting remains optional, but plans to be able to report in-line with the TCFD recommendations are progressing and the firm has committed to net zero for its own operations.

### Section 3. Next steps

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

Aberforth will use its integrated ESG approach as part of its broader analysis of companies to determine the issues that are relevant to a company's valuation. Two years is likely to be too short a period to evaluate the improved engagement and ESG modules that have been developed and launched. In time, however, the improvements made should provide richer datasets that can be interrogated e.g. to look for performance patterns associated with engagement outcomes (ESG related or otherwise) or changes in ESG evaluations scores. This should allow further enhancements in the reporting of stewardship and engagement activities to Aberforth's clients.

The Stewardship Committee's oversight of the firm's stewardship activities involves periodic review of related practices such as the firm's engagement and voting framework, which is the subject of annual review. As Aberforth's ESG integration framework makes clear, the risk and evaluation scores for sectors and companies will be reviewed annually. Further, updates will be made to the firm's proprietary database and its ESG and engagement modules as is required. Aberforth aims to remain a signatory of the UK Stewardship Code through annual reporting to the Financial Reporting Council.

At the firm level, Aberforth's Governance & Corporate Responsibility Statement will be enhanced with new disclosures. These will feature enhanced reporting of the firm's GHG Scope 3 emissions and, for the first time, reporting on financed emissions (category 15) related to the investment portfolio. TCFD reporting remains optional for Aberforth because of the firm's size, but a reporting plan to assess the materiality of the firm's climate risks is under development. The firm is also exploring the setting of net zero targets for its own operations.

Finally, the training and development of staff and partners will continue with quarterly in-house workshops delivered to investment managers and a programme of ESG training for all employees.

### Section 4. Endorsement

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

Name

Samuel Ford

Position

Partner

Organisation's Name

Aberforth Partners

☒ A

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

☐ B

## ORGANISATIONAL OVERVIEW (OO)

### ORGANISATIONAL INFORMATION

#### REPORTING YEAR

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

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

	Date	Month	Year
Year-end date of the 12-month period for PRI reporting purposes:	31	12	2022

### SUBSIDIARY INFORMATION

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

Does your organisation have subsidiaries?

☐ (A) Yes

☒ (B) No



# ASSETS UNDER MANAGEMENT

## ALL ASSET CLASSES

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

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

USD

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

US\$ 2,137,252,858.00

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

US\$ 0.00

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

US\$ 0.00

## ASSET BREAKDOWN

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

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



	(1) Percentage of Internally managed AUM	(2) Percentage of Externally managed AUM
(A) Listed equity	100%	0%
(B) Fixed income	0%	0%
(C) Private equity	0%	0%
(D) Real estate	0%	0%
(E) Infrastructure	0%	0%
(F) Hedge funds	0%	0%
(G) Forestry	0%	0%
(H) Farmland	0%	0%
(I) Other	0%	0%
(J) Off-balance sheet	0%	0%

## ASSET BREAKDOWN: INTERNALLY MANAGED LISTED EQUITY

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

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

(A) Passive equity	0%
(B) Active – quantitative	0%
(C) Active – fundamental	100%

(D) Other strategies 0%

## GEOGRAPHICAL BREAKDOWN

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

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

### AUM in Emerging Markets and Developing Economies

(A) Listed equity (1) 0%

## STEWARDSHIP

### STEWARDSHIP

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

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

### (1) Listed equity - active

(A) Yes, through internal staff ☒

(B) Yes, through service providers ☐

(C) Yes, through external managers ☐

(D) We do not conduct  
stewardship

○

## STEWARDSHIP: (PROXY) VOTING

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

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

### (1) Listed equity - active

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

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

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

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

(A) Listed equity – active	(10) >80 to 90%
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## ESG INCORPORATION

### INTERNALLY MANAGED ASSETS

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

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

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

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

(C) Listed equity - active - fundamental



## ESG STRATEGIES

### LISTED EQUITY

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

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

Percentage out of total internally managed active listed equity

(A) Screening alone

0%

(B) Thematic alone

0%

(C) Integration alone

100%

(D) Screening and integration

0%

(E) Thematic and integration	0%
(F) Screening and thematic	0%
(G) All three approaches combined	0%
(H) None	0%

## ESG/SUSTAINABILITY FUNDS AND PRODUCTS

### LABELLING AND MARKETING

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

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

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

## SUMMARY OF REPORTING REQUIREMENTS

### SUMMARY OF REPORTING REQUIREMENTS

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

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

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

## SUBMISSION INFORMATION

### REPORT DISCLOSURE

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

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

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

# POLICY, GOVERNANCE AND STRATEGY (PGS)

## POLICY

### RESPONSIBLE INVESTMENT POLICY ELEMENTS

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

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

- ☒ (A) Overall approach to responsible investment
- ☒ (B) Guidelines on environmental factors
- ☒ (C) Guidelines on social factors
- ☒ (D) Guidelines on governance factors
- ☐ (E) Guidelines on sustainability outcomes
- ☐ (F) Guidelines tailored to the specific asset class(es) we hold
- ☒ (G) Guidelines on exclusions
- ☐ (H) Guidelines on managing conflicts of interest related to responsible investment
- ☒ (I) Stewardship: Guidelines on engagement with investees
- ☐ (J) Stewardship: Guidelines on overall political engagement

☐ (K) Stewardship: Guidelines on engagement with other key stakeholders

☒ (L) Stewardship: Guidelines on (proxy) voting

☒ (M) Other responsible investment elements not listed here

Specify:

1) Aberforth's ESG Integrated framework sets out how ESG considerations are integrated to the investment process. It allows relevant issues for all investee companies to be described, quantified, and tracked. It includes the ESG methodology, risk and evaluation scoring, data and outlines how the evaluation links to engagement. 2) Aberforth's Stewardship Policy, which is updated annually.

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

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

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

☐ (A) Specific guidelines on climate change (may be part of guidelines on environmental factors)

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

☐ (C) Specific guidelines on other systematic sustainability issues

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

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

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

☒ (A) Overall approach to responsible investment

Add link:

<https://www.aberforth.co.uk/assets/pages/documents/SCR-FINAL-2023.pdf>

☒ (B) Guidelines on environmental factors

Add link:

<https://www.aberforth.co.uk/assets/pages/documents/SCR-FINAL-2023.pdf>

☒ (C) Guidelines on social factors

Add link:

<https://www.aberforth.co.uk/assets/pages/documents/SCR-FINAL-2023.pdf>

☒ (D) Guidelines on governance factors

Add link:



<https://www.aberforth.co.uk/assets/pages/documents/SCR-FINAL-2023.pdf>

☒ **(J) Guidelines on exclusions**

Add link:

<https://www.aberforth.co.uk/assets/pages/documents/SCR-FINAL-2023.pdf>

☒ **(L) Stewardship: Guidelines on engagement with investees**

Add link:

[https://www.aberforth.co.uk/assets/pages/documents/Engagement-and-Voting-Framework\\_2022-04-29-110731\\_zguj.pdf](https://www.aberforth.co.uk/assets/pages/documents/Engagement-and-Voting-Framework_2022-04-29-110731_zguj.pdf)

☒ **(O) Stewardship: Guidelines on (proxy) voting**

Add link:

[https://www.aberforth.co.uk/assets/pages/documents/Engagement-and-Voting-Framework\\_2022-04-29-110731\\_zguj.pdf](https://www.aberforth.co.uk/assets/pages/documents/Engagement-and-Voting-Framework_2022-04-29-110731_zguj.pdf)

☒ **(P) Other responsible investment aspects not listed here**

Add link:

<https://www.aberforth.co.uk/assets/pages/documents/ESG-Integration-Framework-2023-FINAL.pdf>

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

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

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

☒ **(A) Yes**

Elaborate:

Aberforth was established in 1990 and remains wholly owned by partners working at the firm. Since then, its purpose is unchanged. Specifically, the purpose is to deliver superior long-term investment returns for its clients and, by extension, for the ultimate beneficiaries of its clients' portfolios.

All Aberforth's portfolios are managed in accordance with a value investment philosophy. Encouraged by historical evidence, Aberforth believes that this philosophy plays a central role in the achievement of superior long-term returns. Given this unwavering adherence to value investment, Aberforth's primary consideration in any investment decision is, unsurprisingly, valuation. Any matters that affect the valuation of an investee company are relevant to Aberforth's investment process. These matters include environmental, social and governance (ESG) risks and opportunities. The firm believes that discreet engagement with the boards of investee companies – on matters such as governance, capital allocation, environmental impact and social policies – can improve investment returns, to the benefit of clients.

The partners see themselves as guardians of a business at the centre of which are its clients: investment expertise, exceptional service and integrity combine to nurture strong client relationships and thus to extend the longevity of the business beyond the tenure of any individual. Clients are at the heart of Aberforth's purpose and culture, but successful stewardship of clients' capital can also be of broader benefit. While small companies have a less significant impact than do their larger peers on the economy, the environment and society, that is not a reason for such issues to be de-emphasised. Aberforth expects investee companies and their boards to consider ESG risks and opportunities in their operational and strategic decision-making.

- (B) No

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

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

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

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

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

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

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

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

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

## RESPONSIBLE INVESTMENT POLICY COVERAGE

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

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

### Combined AUM coverage of all policy elements

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

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

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

☒ (A) Listed equity

(1) Percentage of AUM covered

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

☒ (11) 100%

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

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

☒ (A) Actively managed listed equity

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

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

(2) If your AUM coverage is below 100%, explain why: (Voluntary)

23% of Aberforth's AUM relates to a segregated mandate, managed on behalf of a charity. The investment management agreement that is in place does not give Aberforth authority to instruct voting.

## GOVERNANCE

### ROLES AND RESPONSIBILITIES

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

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

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

Specify:

The structure and processes that support stewardship within Aberforth are inextricably linked. Stewardship starts with the partnership model itself, which places the client at the centre of the business. The Stewardship Committee is led by an investment partner who is supported by three others including the partner responsible for operations and the Head of Sustainability and Investor Relations (S&IR). The Stewardship Committee reports to the Partnership Committee.

- ☐ (C) Investment committee, or equivalent  
☐ (D) Head of department, or equivalent  
☐ (E) None of the above bodies and roles have oversight over and accountability for responsible investment

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

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

	(1) Board members, trustees, or equivalent	(2) Senior executive-level staff, investment committee, head of department, or equivalent
(A) Overall approach to responsible investment	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Guidelines on environmental, social and/or governance factors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(H) Guidelines on exclusions	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(J) Stewardship: Guidelines on engagement with investees	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(M) Stewardship: Guidelines on (proxy) voting	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(N) This role has no formal oversight over and accountability for any of the above elements covered in our responsible investment policy(ies)	<input type="radio"/>	<input type="radio"/>

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

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

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

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

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

☒ **(A) Internal role(s)**

Specify:

The partnership and its members. The members of the Stewardship Committee, which is chaired by a partner, Sam Ford, and supported by three others including the partner responsible for operations and the Head of Sustainability and Investor Relations (SIR). The six portfolio managers.

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

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

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

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

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

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

Explain why: (Voluntary)

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

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



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

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

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

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

## EXTERNAL REPORTING AND DISCLOSURES

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

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

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

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

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

- ☐ (A) Yes, including all governance-related recommended disclosures
- ☐ (B) Yes, including all strategy-related recommended disclosures
- ☐ (C) Yes, including all risk management-related recommended disclosures
- ☐ (D) Yes, including all applicable metrics and targets-related recommended disclosures

☒ (E) **None of the above**

Explain why: (Voluntary)

Aberforth manages less than £5 billion of client assets, making TCFD reporting optional at present. However, the firm is progressing plans to report in-line with the TCFD recommendations in the future. Additionally, the firm has committed to net zero by 2050 for its own operations. The year also saw an enhancement to the firm's GHG emissions disclosures, which are found in the firm's annual Governance and Corporate Responsibility Statement.

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

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

- ☐ (A) Disclosures against the European Union's Sustainable Finance Disclosure Regulation (SFDR)
- ☐ (B) Disclosures against the European Union's Taxonomy
- ☐ (C) Disclosures against the CFA's ESG Disclosures Standard
- ☒ **(D) Disclosures against other international standards, frameworks or regulations**

Specify:

UK Stewardship Code

Link to example of public disclosures

<https://www.aberforth.co.uk/assets/pages/documents/SCR-FINAL-2023.pdf>

- ☐ (E) Disclosures against other international standards, frameworks or regulations
- ☐ (F) Disclosures against other international standards, frameworks or regulations
- ☐ (G) Disclosures against other international standards, frameworks or regulations

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

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

- ☐ (A) Yes, we publicly disclosed our membership in and support for trade associations, think tanks, or similar bodies that conduct any form of political engagement
- ☒ **(B) No, we did not publicly disclose our membership in and support for trade associations, think tanks, or similar bodies that conduct any form of political engagement**

Explain why:

Aberforth is a member of The Investment Association and The Association of Investment Companies. The firm responds to consultation requests where relevant particularly to those that have an impact on Aberforth's investable universe, products and firms of Aberforth's size.

- ☐ (C) Not applicable, we were not members in or supporters of any trade associations, think tanks, or similar bodies that conduct any form of political engagement during the reporting year

# STRATEGY

## CAPITAL ALLOCATION

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

### Which elements do your organisation-level exclusions cover?

- ☐ (A) Exclusions based on our organisation's values or beliefs regarding particular sectors, products or services
  - ☐ (B) Exclusions based on our organisation's values or beliefs regarding particular regions or countries
  - ☐ (C) Exclusions based on minimum standards of business practice aligned with international norms such as the OECD Guidelines for Multinational Enterprises, the International Bill of Human Rights, UN Security Council sanctions or the UN Global Compact
  - ☐ (D) Exclusions based on our organisation's climate change commitments
  - ☒ (E) Other elements
- Specify:

Exclusions relate only to companies involved in controversial weapons that are prohibited by law. This affects the manufacturing and development of cluster munitions and anti-personnel mines according to the 'Convention on Cluster Munitions', 2008 and the 'Anti-Personnel Landmines Convention', 1997. In practice, this does not affect any companies in the investable universe.

- ☐ (F) Not applicable; our organisation does not have any organisation-level exclusions

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

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

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

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

## STEWARDSHIP: OVERALL STEWARDSHIP STRATEGY

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

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

### (1) Listed equity

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



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



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

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

Aberforth's portfolios are managed in accordance with a value investment philosophy. Encouraged by historical evidence, Aberforth believes that this philosophy plays a central role in the achievement of superior long-term returns. Given this unwavering adherence to value investment, Aberforth's primary consideration in any investment decision is, unsurprisingly, valuation. Any matters that affect the valuation of an investee company are relevant to Aberforth's investment process. These matters include environmental, social and governance (ESG) risks and opportunities. The firm believes that discreet engagement with the boards of investee companies – on matters such as governance, capital allocation, environmental impact and social policies – can improve investment returns, to the benefit of clients.

Aberforth maintains a flexible approach toward engagement. A pragmatic, rather than a prescriptive one-size-fits-all, approach has proven itself beneficial over time. This acknowledges the heterogeneous nature of the universe of small UK quoted companies and the proportionately greater governance burden on the typical small company.

Escalation of engagement normally occurs when an investment thesis strays from the expected path. The weekly investment meeting is the forum for formal consideration of the status and effectiveness of live engagements. The investment manager responsible for the company in question leads the discussion, presenting an analysis of the situation and the progress made to date. An escalation plan is then formed in discussion with the rest of the investment team. The plan is designed to address Aberforth's concerns and proposes how, and in what time frame, they might be remedied. The first move in an escalation is usually to engage with the chair, but, if the chair's performance is under scrutiny, the focus turns to the senior independent director. The company's advisers and other investors may be contacted to inform them of the concerns. Voting is the primary means by which Aberforth can reflect its concerns and seek to achieve change. Other options include issuing a formal letter expressing concerns and/or expectations to the board, the requisition of an EGM and ultimately the consideration of divestment.

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

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

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

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

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

Since Aberforth's clients are often collectively large holders of investee companies, the investment managers are usually able to engage directly and effectively with board members. There are, however, instances when a collective approach to engagement may be appropriate. These collective engagements can occur when Aberforth considers the cumulative holdings of the firm's clients insufficient to effect change. The firm's interaction with other investors is influenced by the terms of the Takeover Code. Beyond specific engagements, Aberforth sees value in the sharing of views with other industry practitioners and through participation in industry forums.

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

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

☒ **(A) Internal resources, e.g. stewardship team, investment team, ESG team, or staff**

Select from the list:

- ☒ **1**
- ☐ 5

☐ **(B) External investment managers, third-party operators and/or external property managers, if applicable**

☒ **(C) External paid specialist stewardship services (e.g. engagement overlay services or, in private markets, sustainability consultants) excluding investment managers, real assets third-party operators, or external property managers**

Select from the list:

- ☒ **3**
- ☐ 5

☒ **(D) Informal or unstructured collaborations with investors or other entities**

Select from the list:

- ☒ **2**
- ☐ 5

☒ **(E) Formal collaborative engagements, e.g. PRI-coordinated collaborative engagements, Climate Action 100+, or similar**

Select from the list:

- ☒ **4**
- ☐ 5

☐ **(F) We do not use any of these channels**



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

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

Aberforth's portfolios are managed in accordance with a value investment philosophy. Encouraged by historical evidence, Aberforth believes that this philosophy plays a central role in the achievement of superior long-term returns. Given this unwavering adherence to value investment, Aberforth's primary consideration in any investment decision is, unsurprisingly, valuation. Any matters that affect the valuation of an investee company are relevant to Aberforth's investment process. These matters include environmental, social and governance (ESG) risks and opportunities. The firm believes that discreet engagement with the boards of investee companies – on matters such as governance, capital allocation, environmental impact and social policies – can improve investment returns, to the benefit of clients.

Aberforth ensures that its investment beliefs, strategy and culture enable effective stewardship by the “vertical integration” of all roles in the investment process. Each investment manager is responsible for several stockmarket sectors. For each holding within the allocated sectors, the investment manager undertakes company analysis, the origination of investment ideas, dealing, engagement and voting. An important advantage of this approach is a coherent stewardship message to the boards of investee companies that is consistent with the initial investment thesis. The controls on this approach are twofold. First, investment decisions are made collegiately by the group of investment managers based on a portfolio approach to capital allocation. Thus, an individual investment manager always receives scrutiny, challenge and assistance when necessary. Secondly, stewardship as implemented by the investment managers is subject to review by the partnership through its Stewardship Committee.

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

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

Check back that all is covered when reviewing\*\*\*\*\*

## STEWARDSHIP: (PROXY) VOTING

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

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

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

Select from the below list:

☒ **(1) in all cases**

☐ (2) in a majority of cases

☐ (3) in a minority of cases

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

Select from the below list:

☒ **(1) in all cases**

☐ (2) in a majority of cases

☐ (3) in a minority of cases

☐ (D) We do not review external service providers' voting recommendations

☐ (E) Not applicable; we do not use external service providers to give voting recommendations

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

**How is voting addressed in your securities lending programme?**

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

☐ (B) When a vote is deemed important according to pre-established criteria (e.g. high stake in the company), we recall all our securities for voting

☐ (C) Other

☐ (D) We do not recall our securities for voting purposes

☒ **(E) Not applicable; we do not have a securities lending programme**

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

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

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

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

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

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

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

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

- ☒ (A) Yes, for all (proxy) votes

Add link(s):

<https://www.aberforth.co.uk/about-aberforth/stewardship-esg#Voting%20Disclosure>

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

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

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

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

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

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

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

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

o

o

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

o

o

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

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

Shareholdings and voting rights are monitored through in-house systems and a third-party voting service provider, which are reconciled with custodian records.

## STEWARDSHIP: ESCALATION

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

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

**(1) Listed equity**

(A) Joining or broadening an existing collaborative engagement or creating a new one	<input checked="" type="checkbox"/>
(B) Filing, co-filing, and/or submitting a shareholder resolution or proposal	<input type="checkbox"/>
(C) Publicly engaging the entity, e.g. signing an open letter	<input checked="" type="checkbox"/>
(D) Voting against the re-election of one or more board directors	<input checked="" type="checkbox"/>
(E) Voting against the chair of the board of directors, or equivalent, e.g. lead independent director	<input checked="" type="checkbox"/>
(F) Divesting	<input checked="" type="checkbox"/>
(G) Litigation	<input type="checkbox"/>
(H) Other	<input checked="" type="checkbox"/>
(I) In the past three years, we did not use any of the above escalation measures for our listed equity holdings	<input type="radio"/>

**(H) Other - (1) Listed equity - Specify:**

Privately engaging with the entity at executive and or non-executive level with a view to effecting change prior to a vote.

## STEWARDSHIP: ENGAGEMENT WITH POLICY MAKERS

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

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

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

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

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

- ☐ (A) We participated in 'sign-on' letters
- ☒ (B) We responded to policy consultations
- ☐ (C) We provided technical input via government- or regulator-backed working groups
- ☐ (D) We engaged policy makers on our own initiative
- ☐ (E) Other methods

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

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

- ☐ (A) We publicly disclosed all our policy positions
- ☒ (B) We publicly disclosed details of our engagements with policy makers



Add link(s):

<https://www.aberforth.co.uk/assets/pages/documents/SCR-FINAL-2023.pdf>

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

## STEWARDSHIP: EXAMPLES

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

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

(A) Example 1:

Title of stewardship activity:

Individual engagement with the investee company EnQuest.

(1) Led by

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

(2) Primary focus of stewardship activity

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

(3) Asset class(es)

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

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

EnQuest, an operator of mature oil and gas fields in the UK North Sea, was the subject of several engagements in 2022 covering environmental, social and governance issues.

We continued our engagement on policies and targets related to emissions reduction. A 15% reduction in absolute Scope 1 and 2 emissions was achieved in 2021 through a cut to flaring and the usage of diesel on platforms. As a result of falling production and 'green' operational improvements, emissions have fallen by c.43% since 2018. This is close to the UK Government's 50% reduction target by 2030, outlined in the North Sea Transition Deal. We have encouraged EnQuest to go further by providing detail on the reduction in carbon emissions that have been shown on operated assets relative to incumbent operators. The engagement continues.

A second stream of engagement related to the interests of external stakeholders. Refinancing risks resurfaced amid signs that creditors were reining back support for fossil fuel companies. Risks were compounded by creditors' angst on possible scope changes to the UK government's energy profit levy, which targeted recouping super-normal profits among oil and gas production companies. We engaged on the looming refinancing and learned that creditors were also expected to consider the group's plans for carbon capture in depleted oil fields and the associated capabilities in decommissioning. The group's debt facilities were subsequently refinanced successfully later in the year.

A final stream of engagement concerned governance. High oil prices meant good progress was made on debt reduction in 2021 and 2022. Considering high interest costs and risks to the fiscal regime overseeing North Sea operations, we have engaged to advocate for further debt paydown before commencing dividend payments. This has been acknowledged by the company whose capital allocation priorities are centred on debt paydown.

(B) Example 2:

Title of stewardship activity:

Individual engagement with the investee company Centamin.

(1) Led by

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

(2) Primary focus of stewardship activity

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

(3) Asset class(es)

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

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

As a gold miner in the Egyptian desert, the company's high carbon emissions are predominantly related to a reliance on diesel generators for power. We engaged with the company to understand how solar power could be used to improve environmental credentials and lower operating costs. Late in the year, the company successfully commissioned its 36MW solar farm and 7.5MW battery-energy storage system, spread over 85 hectares. This is expected to reduce diesel consumption by up to 70,000 litres per day or 22m litres per annum and promises a payback on investment of roughly three years. However, as the solar plant only represents c.25% of Centamin's annual power needs, a further project is under way to connect the mine to Egyptian grid power via a 24km power line. With Egyptian grid power generated from natural gas, hydro, solar and wind, Centamin's diesel consumption and emissions will significantly reduce over time, which should be evident in disclosures over the coming years.

(C) Example 3:

Title of stewardship activity:

Individual engagement with the investee company Vesuvius.

(1) Led by

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

(2) Primary focus of stewardship activity

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

(3) Asset class(es)

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

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

Vesuvius is a fascinating test case for how an industrial manufacturer can manage both the challenges and opportunities of climate change. The company's board has responded thoughtfully to regulation, notably including a carbon cost within the overall cost of capital used to assess investments. In 2022, engagement started to emphasise the competitive advantage that might accrue to a manufacturer able to help its steel manufacturing customers reduce their emissions. We encouraged management to consider quantifying what might be thought of as "Scope 4" benefits. Disclosure of such information should help highlight Vesuvius's strengths and, as others respond, could contribute to an overall reduction in emissions.

(D) Example 4:

Title of stewardship activity:

Individual engagement with the investee company Speedy Hire.

(1) Led by

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

(2) Primary focus of stewardship activity

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

(3) Asset class(es)

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

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

As a provider of tools and equipment to the construction, infrastructure and industrial markets, most of Speedy Hire's carbon emissions are related to fuel consumption by its fleet. Our engagement has focused on emissions reduction targets and confirmed that management recognise climate change as one of its biggest challenges. Decarbonisation efforts are planned through the use of alternative sustainable fuels and low carbon technologies. For larger fleets, diesel has already been replaced with hydrotreated vegetable oil, which is made from renewable materials such as fat, waste vegetables and other oils, and generates up to 90% less greenhouse gases.

We are encouraged that management are incentivised on climate performance metrics, which are built into variable remuneration. In time, it is possible that the company's sustainability credentials generate incremental demand for the fleet. Customers seeking to achieve their own sustainability goals would benefit from a fleet hire with lower emissions.

(E) Example 5:

Title of stewardship activity:

Collective engagement with investee company XPS Pensions.

(1) Led by

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

(2) Primary focus of stewardship activity

- ☐ (1) Environmental factors
- ☐ (2) Social factors
- ☒ (3) **Governance factors**

(3) Asset class(es)

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

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

Aberforth was consulted on the process to appoint a new chair in what was a cycle of routine succession planning. Having followed due process and completed a search, the board's preferred candidate was an existing non-executive director, who was also and the finance director of another investee company, the recruitment consultant Robert Walters. Whilst it is common for executives to broaden their experience with a single non-executive role, it is most unusual that this extends to the role of chair. Although we had no concerns about the ability of the individual, we expressed concern about time commitments: executive board roles require an individual's full effort and attention.

In light of the circumstances, we engaged with another large shareholder. This shareholder communicated a similar view to the board after their own consultation. XPS was satisfied that the new chair has the capacity to take on a chair role as his executive responsibilities are supported by a deep management team in his finance department. Finally, we engaged directly with the new chair to express our concerns. The engagement continues.

## CLIMATE CHANGE

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

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

☒ **(A) Yes, within our standard planning horizon**

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

The Aberforth ESG Integration framework is based on a risks and opportunities analysis of 12 environmental, social and governance subfactors, one of these is dedicated to climate change. The framework is built around two scores: a risk score and an evaluation score. The risk score is the starting point of the analysis and is influenced by inputs from several external third parties including the materiality research of the Sustainability Accounting Standards Boards. This score is determined by Aberforth's Stewardship Committee and is applied at the sector level. The purpose of the risk score is to identify the material subfactors for the sector's typical constituent. 1 denotes the best score and 5 the worst score. Risk scores are subject to annual review. The evaluation score uses the same scoring scale, but unlike the risk score, it is influenced by the materiality of the subfactor as it relates to the specifics of the investee company and its business model. The assessment is part of the fundamental analysis applied to all companies and is conducted by the investment manager responsible for the sector. Using the risk score as a reference, subfactor evaluation scores are influenced by the materiality of the risk in question, mitigating practices, targets for improvement and product opportunities. As part of the evaluation process, investment managers also record several data points in the ESG module. These data are likely to influence evaluation scores for relevant subfactors. The data points that are relevant to climate change are: Green House Gas (GHG) emissions scope 1, 2 and 3; use of carbon offsets; net zero target year; use of sustainability linked loans; Science-based Targets Initiative membership (SBTi); Task Force on Climate-Related Financial Disclosures (TCFD) compliance.

As described the analysis and assessment of the investee company's climate related risks and opportunities is integrated into Aberforth's investment process alongside all other matters relevant to a company's valuation. Through this approach both the climate related physical and transitional risks of an investee company are assessed as well as the climate related opportunities. Climate-related risks and opportunities are considered in the context of their potential effect on a company's future revenues and costs, which leads to an assertion on profit implications.

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

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

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

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

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

In recent years, growing awareness of environmental and social issues has accentuated their effects on stockmarket valuations. Aberforth contends that the perception of ESG deficiencies can create valuation opportunities, as the stockmarket often underestimates the ability of small companies to take effective remedial action. Aberforth further contends that valuation discounts related to ESG issues can be challenged through a programme of active engagement to encourage the issues to be addressed. Aberforth is well positioned in this regard: engagement has always been a core element of the investment process. It is achievable because of the firm's commitment to a high level of dedicated and experienced investment management resource.

Aberforth therefore relies on internal resource and processes that have been tailored for investment in small UK quoted companies. The Aberforth ESG Integration framework is based on a risks and opportunities analysis of 12 environmental, social and governance subfactors, one of these is dedicated to climate change. The framework is built around two scores: a risk score and an evaluation score. The risk score is the starting point of the analysis and is influenced by inputs from several external third parties including the materiality research of the Sustainability Accounting Standards Boards. This score is determined by Aberforth's Stewardship Committee and is applied at the sector level. The purpose of the risk score is to identify the material subfactors for the sector's typical constituent. 1 denotes the best score and 5 the worst score. Risk scores are subject to annual review. The evaluation score uses the same scoring scale, but unlike the risk score, it is influenced by the materiality of the subfactor as it relates to the specifics of the investee company and its business model. The assessment is part of the fundamental analysis applied to all companies and is conducted by the investment manager responsible for the sector. Using the risk score as a reference, subfactor evaluation scores are influenced by the materiality of the risk in question, mitigating practices, targets for improvement and product opportunities. As part of the evaluation process, investment managers also record several data points in the ESG module. These data are likely to influence evaluation scores for relevant subfactors.

The data points that are relevant to climate change are: Green House Gas (GHG) emissions scope 1, 2 and 3; use of carbon offsets; net zero target year; use of sustainability linked loans; science based targets initiative membership (SBTi); Task Force on Climate-Related Financial Disclosures (TCFD) compliance.

The analysis and assessment of the investee company's climate related risks and opportunities is integrated into Aberforth's investment process alongside all other matters relevant to a company's valuation. This approach sees material physical and transition risks and opportunities considered and assessed as part of the estimate on a company's fair value.

From the firm's perspective, TCFD reporting is at present optional, reflecting the firm's small size. However, plans to report in-line with the TCFD recommendations in the future are progressing. Aberforth's annual Governance & Corporate Responsibility Statement details the firm's GHG emissions for scope 1, 2 and 3. Whilst the 2021/22 scope 3 GHG emissions report does not include financed emissions (category 15), these will be featured in the 2022/23 report.

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

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

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

##### ☒ (A) Coal

Describe your strategy:

Environmental, social, and governance (ESG) analysis is integrated into Aberforth's investment process alongside all other matters relevant to a company's valuation. The main influence on the composition of the portfolio is the prioritisation of companies with the highest upside from the prevailing stockmarket price to Aberforth's target price. Aberforth's approach is rooted in the view that a company's system of governance is crucial to how all risks and opportunities – ESG and others – are identified and managed.

In recent years, growing awareness of environmental and social issues has accentuated their effects on stockmarket valuations. Aberforth contends that the perception of ESG deficiencies can create valuation opportunities, as the stockmarket often under-estimates the ability of small companies to take effective remedial action. Aberforth further contends that valuation discounts related to ESG issues can be challenged through a programme of active engagement to encourage the issues to be addressed. Aberforth is well positioned in this regard: engagement has always been a core element of the investment process. It is achievable because of the firm's commitment to a high level of dedicated and experienced investment management resource.

##### ☒ (B) Gas

Describe your strategy:

Environmental, social, and governance (ESG) analysis is integrated into Aberforth's investment process alongside all other matters relevant to a company's valuation. The main influence on the composition of the portfolio is the prioritisation of companies with the highest upside from the prevailing stockmarket price to Aberforth's target price. Aberforth's approach is rooted in the view that a company's system of governance is crucial to how all risks and opportunities – ESG and others – are identified and managed.

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☒ **(C) Oil**

Describe your strategy:

Environmental, social, and governance (ESG) analysis is integrated into Aberforth's investment process alongside all other matters relevant to a company's valuation. The main influence on the composition of the portfolio is the prioritisation of companies with the highest upside from the prevailing stockmarket price to Aberforth's target price. Aberforth's approach is rooted in the view that a company's system of governance is crucial to how all risks and opportunities – ESG and others – are identified and managed.

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☒ **(D) Utilities**

Describe your strategy:

Environmental, social, and governance (ESG) analysis is integrated into Aberforth's investment process alongside all other matters relevant to a company's valuation. The main influence on the composition of the portfolio is the prioritisation of companies with the highest upside from the prevailing stockmarket price to Aberforth's target price. Aberforth's approach is rooted in the view that a company's system of governance is crucial to how all risks and opportunities – ESG and others – are identified and managed.

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☒ **(E) Cement**

Describe your strategy:



Environmental, social, and governance (ESG) analysis is integrated into Aberforth's investment process alongside all other matters relevant to a company's valuation. The main influence on the composition of the portfolio is the prioritisation of companies with the highest upside from the prevailing stockmarket price to Aberforth's target price. Aberforth's approach is rooted in the view that a company's system of governance is crucial to how all risks and opportunities – ESG and others – are identified and managed.

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☒ **(F) Steel**

Describe your strategy:

Environmental, social, and governance (ESG) analysis is integrated into Aberforth's investment process alongside all other matters relevant to a company's valuation. The main influence on the composition of the portfolio is the prioritisation of companies with the highest upside from the prevailing stockmarket price to Aberforth's target price. Aberforth's approach is rooted in the view that a company's system of governance is crucial to how all risks and opportunities – ESG and others – are identified and managed.

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☒ **(G) Aviation**

Describe your strategy:

Environmental, social, and governance (ESG) analysis is integrated into Aberforth's investment process alongside all other matters relevant to a company's valuation. The main influence on the composition of the portfolio is the prioritisation of companies with the highest upside from the prevailing stockmarket price to Aberforth's target price. Aberforth's approach is rooted in the view that a company's system of governance is crucial to how all risks and opportunities – ESG and others – are identified and managed.

In recent years, growing awareness of environmental and social issues has accentuated their effects on stockmarket valuations. Aberforth contends that the perception of ESG deficiencies can create valuation opportunities, as the stockmarket often underestimates the ability of small companies to take effective remedial action. Aberforth further contends that valuation discounts related to ESG issues can be challenged through a programme of active engagement to encourage the issues to be addressed. Aberforth is well positioned in this regard: engagement has always been a core element of the investment process. It is achievable because of the firm's commitment to a high level of dedicated and experienced investment management resource.

☒ **(H) Heavy duty road**

Describe your strategy:

Environmental, social, and governance (ESG) analysis is integrated into Aberforth's investment process alongside all other matters relevant to a company's valuation. The main influence on the composition of the portfolio is the prioritisation of companies with the highest upside from the prevailing stockmarket price to Aberforth's target price. Aberforth's approach is rooted in the view that a company's system of governance is crucial to how all risks and opportunities – ESG and others – are identified and managed.

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☒ **(I) Light duty road**

Describe your strategy:

Environmental, social, and governance (ESG) analysis is integrated into Aberforth's investment process alongside all other matters relevant to a company's valuation. The main influence on the composition of the portfolio is the prioritisation of companies with the highest upside from the prevailing stockmarket price to Aberforth's target price. Aberforth's approach is rooted in the view that a company's system of governance is crucial to how all risks and opportunities – ESG and others – are identified and managed.

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☒ **(J) Shipping**

Describe your strategy:

Environmental, social, and governance (ESG) analysis is integrated into Aberforth's investment process alongside all other matters relevant to a company's valuation. The main influence on the composition of the portfolio is the prioritisation of companies with the highest upside from the prevailing stockmarket price to Aberforth's target price. Aberforth's approach is rooted in the view that a company's system of governance is crucial to how all risks and opportunities – ESG and others – are identified and managed.

In recent years, growing awareness of environmental and social issues has accentuated their effects on stockmarket valuations. Aberforth contends that the perception of ESG deficiencies can create valuation opportunities, as the stockmarket often underestimates the ability of small companies to take effective remedial action. Aberforth further contends that valuation discounts related to ESG issues can be challenged through a programme of active engagement to encourage the issues to be addressed. Aberforth is well positioned in this regard: engagement has always been a core element of the investment process. It is achievable because of the firm's commitment to a high level of dedicated and experienced investment management resource.

☒ **(K) Aluminium**

Describe your strategy

Environmental, social, and governance (ESG) analysis is integrated into Aberforth's investment process alongside all other matters relevant to a company's valuation. The main influence on the composition of the portfolio is the prioritisation of companies with the highest upside from the prevailing stockmarket price to Aberforth's target price. Aberforth's approach is rooted in the view that a company's system of governance is crucial to how all risks and opportunities – ESG and others – are identified and managed.

In recent years, growing awareness of environmental and social issues has accentuated their effects on stockmarket valuations. Aberforth contends that the perception of ESG deficiencies can create valuation opportunities, as the stockmarket often underestimates the ability of small companies to take effective remedial action. Aberforth further contends that valuation discounts related to ESG issues can be challenged through a programme of active engagement to encourage the issues to be addressed. Aberforth is well positioned in this regard: engagement has always been a core element of the investment process. It is achievable because of the firm's commitment to a high level of dedicated and experienced investment management resource.

☒ **(L) Agriculture, forestry, fishery**

Describe your strategy:

Environmental, social, and governance (ESG) analysis is integrated into Aberforth's investment process alongside all other matters relevant to a company's valuation. The main influence on the composition of the portfolio is the prioritisation of companies with the highest upside from the prevailing stockmarket price to Aberforth's target price. Aberforth's approach is rooted in the view that a company's system of governance is crucial to how all risks and opportunities – ESG and others – are identified and managed.

In recent years, growing awareness of environmental and social issues has accentuated their effects on stockmarket valuations. Aberforth contends that the perception of ESG deficiencies can create valuation opportunities, as the stockmarket often underestimates the ability of small companies to take effective remedial action. Aberforth further contends that valuation discounts related to ESG issues can be challenged through a programme of active engagement to encourage the issues to be addressed. Aberforth is well positioned in this regard: engagement has always been a core element of the investment process. It is achievable because of the firm's commitment to a high level of dedicated and experienced investment management resource.

☒ **(M) Chemicals**

Describe your strategy:

Environmental, social, and governance (ESG) analysis is integrated into Aberforth's investment process alongside all other matters relevant to a company's valuation. The main influence on the composition of the portfolio is the prioritisation of companies with the highest upside from the prevailing stockmarket price to Aberforth's target price. Aberforth's approach is rooted in the view that a company's system of governance is crucial to how all risks and opportunities – ESG and others – are identified and managed.

In recent years, growing awareness of environmental and social issues has accentuated their effects on stockmarket valuations. Aberforth contends that the perception of ESG deficiencies can create valuation opportunities, as the stockmarket often underestimates the ability of small companies to take effective remedial action. Aberforth further contends that valuation discounts related to ESG issues can be challenged through a programme of active engagement to encourage the issues to be addressed. Aberforth is well positioned in this regard: engagement has always been a core element of the investment process. It is achievable because of the firm's commitment to a high level of dedicated and experienced investment management resource.

☒ **(N) Construction and buildings**

Describe your strategy:

Environmental, social, and governance (ESG) analysis is integrated into Aberforth's investment process alongside all other matters relevant to a company's valuation. The main influence on the composition of the portfolio is the prioritisation of companies with the highest upside from the prevailing stockmarket price to Aberforth's target price. Aberforth's approach is rooted in the view that a company's system of governance is crucial to how all risks and opportunities – ESG and others – are identified and managed.

In recent years, growing awareness of environmental and social issues has accentuated their effects on stockmarket valuations. Aberforth contends that the perception of ESG deficiencies can create valuation opportunities, as the stockmarket often underestimates the ability of small companies to take effective remedial action. Aberforth further contends that valuation discounts related to ESG issues can be challenged through a programme of active engagement to encourage the issues to be addressed. Aberforth is well positioned in this regard: engagement has always been a core element of the investment process. It is achievable because of the firm's commitment to a high level of dedicated and experienced investment management resource.

☒ **(O) Textile and leather**

Describe your strategy:

Environmental, social, and governance (ESG) analysis is integrated into Aberforth's investment process alongside all other matters relevant to a company's valuation. The main influence on the composition of the portfolio is the prioritisation of companies with the highest upside from the prevailing stockmarket price to Aberforth's target price. Aberforth's approach is rooted in the view that a company's system of governance is crucial to how all risks and opportunities – ESG and others – are identified and managed.

In recent years, growing awareness of environmental and social issues has accentuated their effects on stockmarket valuations. Aberforth contends that the perception of ESG deficiencies can create valuation opportunities, as the stockmarket often underestimates the ability of small companies to take effective remedial action. Aberforth further contends that valuation discounts related to ESG issues can be challenged through a programme of active engagement to encourage the issues to be addressed. Aberforth is well positioned in this regard: engagement has always been a core element of the investment process. It is achievable because of the firm's commitment to a high level of dedicated and experienced investment management resource.

☒ **(P) Water**

Describe your strategy:

Environmental, social, and governance (ESG) analysis is integrated into Aberforth's investment process alongside all other matters relevant to a company's valuation. The main influence on the composition of the portfolio is the prioritisation of companies with the highest upside from the prevailing stockmarket price to Aberforth's target price. Aberforth's approach is rooted in the view that a company's system of governance is crucial to how all risks and opportunities – ESG and others – are identified and managed.

In recent years, growing awareness of environmental and social issues has accentuated their effects on stockmarket valuations. Aberforth contends that the perception of ESG deficiencies can create valuation opportunities, as the stockmarket often underestimates the ability of small companies to take effective remedial action. Aberforth further contends that valuation discounts related to ESG issues can be challenged through a programme of active engagement to encourage the issues to be addressed. Aberforth is well positioned in this regard: engagement has always been a core element of the investment process. It is achievable because of the firm's commitment to a high level of dedicated and experienced investment management resource.

☐ **(Q) Other**

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

**Provide a link(s) to your strategy(ies), if available**

<https://www.aberforth.co.uk/assets/pages/documents/ESG-Integration-Framework-2023-FINAL.pdf>

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

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

- ☐ (A) Yes, using the Inevitable Policy Response Forecast Policy Scenario (FPS) or Required Policy Scenario (RPS)
- ☐ (B) Yes, using the One Earth Climate Model scenario
- ☐ (C) Yes, using the International Energy Agency (IEA) Net Zero scenario
- ☐ (D) Yes, using other scenarios
- ☒ **(E) No, we have not assessed the resilience of our investment strategy in different climate scenarios, including one that holds temperature rise to below 2 degrees**

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

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

- ☒ **(A) Yes, we have a process to identify and assess climate-related risks**
- (1) Describe your process

Environmental, social, and governance (ESG) analysis is integrated into Aberforth's investment process alongside all other matters relevant to a company's valuation. The main influence on the composition of the portfolio is the prioritisation of companies with the highest upside from the prevailing stockmarket price to Aberforth's target price. Aberforth's approach is rooted in the view that a company's system of governance is crucial to how all risks and opportunities – ESG and others – are identified and managed.

The Aberforth ESG Integration framework is based on a risks and opportunities analysis of 12 environmental, social and governance subfactors. Environmental subfactors include Climate Change, Pollution and Waste, Pressure on Natural Resources. This sees investee companies' material climate related physical and transitional risks and opportunities assessed.

The framework is built around two scores: a risk score and an evaluation score. The risk score is the starting point of the analysis and is influenced by inputs from several external third parties including the materiality research of the Sustainability Accounting Standards Boards. This score is determined by Aberforth's Stewardship Committee and is applied at the sector level. The purpose of the risk score is to identify the material subfactors for the sector's typical constituent. 1 denotes the best score and 5 the worst score. Risk scores are subject to annual review. The evaluation score uses the same scoring scale, but unlike the risk score, it is influenced by the materiality of the subfactor as it relates to the specifics of the investee company and its business model. The assessment is part of the fundamental analysis applied to all companies and is conducted by the investment manager responsible for the sector. Using the risk score as a reference, subfactor evaluation scores are influenced by the materiality of the risk in question, mitigating practices, targets for improvement and product opportunities. As part of the evaluation process, investment managers also record several data points in the ESG module. These data are likely to influence evaluation scores for relevant subfactors. The data points that are relevant to climate change are: Green House Gas (GHG) emissions scope 1, 2 and 3; use of carbon offsets; net zero target year; use of sustainability linked loans; Science Based Targets initiative membership (SBTi); Task Force on Climate-Related Financial Disclosures (TCFD) compliance.

Climate related risks and opportunities are considered and integrated into Aberforth's investment process alongside all other matters relevant to a company's valuation.

The ESG framework is therefore an input into the estimation of a company's fair value, whilst allowing relevant issues for all investee companies to be described, quantified, and tracked. The data is stored in the ESG module of Aberforth's investment database. This is helpful in setting engagement priorities for companies. As at 31 December 2022, two years of ESG data and analysis have been collected for all investee companies

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

Whilst day-to-day stewardship decisions are taken by the investment managers, these decisions are made within a framework set by the Stewardship Committee, which reports to the partnership. Sector risks scores are reviewed annually to ensure they remain relevant for an evolving ESG landscape.

The improvements made to Aberforth's ESG framework have resulted in the collection of more ESG datapoints in standardised formats, which should offer richer insights as the data build. Further, a project to link the ESG framework to the recording of engagements within Aberforth's proprietary database was completed. The main benefit is a more integrated view of a company's ESG credentials, engagement activities and voting record.

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

### (1) Describe your process

The Aberforth ESG Integration framework is based on a risks and opportunities analysis of 12 environmental, social and governance subfactors. The Environmental factor comprises of subfactors that include Climate Change, Pollution and Waste, Pressure on Natural Resources. This sees investee companies' material climate related physical and transitional risks and opportunities assessed.

The framework is built around two scores: a risk score and an evaluation score. The risk score is the starting point of the analysis and is influenced by inputs from several external third parties including the materiality research of the Sustainability Accounting Standards Boards. The evaluation score uses the same scoring scale, but, unlike the risk score, it is influenced by the materiality of the subfactor as it relates to the specifics of the investee company and its business model. Climate-related risks include the consideration of physical and transition risks, absolute emissions and targets for improvement, emissions intensity by revenue and employee numbers, TCFD and SBTi alignment.

The process of refreshing evaluation scores occurs annually following the release of the annual report and other sustainability disclosures. This review brings attention to subfactor evaluations that are improving or are declining and that might require engagement. A year-on-year comparison will not always merit a change in the overall factor evaluation scores. To provide a subtler indication of progress over the year, the module allows each factor to be flagged as either "Improved", "No Change" or "Weakened". Consistency of scoring among the investment managers is helped by an annual oversight meeting conducted by the Stewardship Committee, which identifies and discusses outliers in the data. With the benefit of these findings, a broad view of the portfolio evaluation scores can help to direct engagements with portfolio companies.

The data is stored in the ESG module of Aberforth's investment database. This is helpful in setting engagement priorities for companies. As at 31 December 2022, two years of ESG data and analysis have been collected for all investee companies.

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

Whilst day-to-day stewardship decisions are taken by the investment managers, these decisions are made within a framework set by the Stewardship Committee, which reports to the partnership. Sector risks scores are reviewed annually to ensure they remain relevant for an evolving ESG landscape.

The improvements made to Aberforth's ESG framework have resulted in the collection of more ESG datapoints in standardised formats, which should offer richer insights as the data build. Further, a project to link the ESG framework to the recording of engagements within Aberforth's proprietary database was completed. The main benefit is a more integrated view of a company's ESG credentials, engagement activities and voting record.

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

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

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

- ☐ (A) Exposure to physical risk
- ☐ (B) Exposure to transition risk
- ☐ (C) Internal carbon price
- ☒ **(D) Total carbon emissions**
  - (1) Indicate whether this metric or variable was used and disclosed, including the methodology
    - ☒ **(1) Metric or variable used**
      - (2) Metric or variable used and disclosed
      - (3) Metric or variable used and disclosed, including methodology
- ☒ **(E) Weighted average carbon intensity**
  - (1) Indicate whether this metric or variable was used and disclosed, including the methodology
    - ☒ **(1) Metric or variable used**
      - (2) Metric or variable used and disclosed
      - (3) Metric or variable used and disclosed, including methodology
- ☐ (F) Avoided emissions
- ☐ (G) Implied Temperature Rise (ITR)
- ☐ (H) Non-ITR measure of portfolio alignment with UNFCCC Paris Agreement goals
- ☐ (I) Proportion of assets or other business activities aligned with climate-related opportunities
- ☒ **(J) Other metrics or variables**

Specify:

Aberforth record, monitor and evaluate strategies in the context of several environmental datapoints. The results are not disclosed publicly, but are reviewed. The metrics or variables that are recorded annually for all investee companies are: Scope 1, 2 and 3 emissions (t CO2e), Carbon offset usage (t CO2e), Freshwater consumption (m3), Net zero target year, Sustainability linked-financing details. Because Aberforth's proprietary database is also used to company financial data, emissions intensity metrics can be calculated. This includes emissions intensity by revenue and emissions intensity by employee number.

(1) Indicate whether this metric or variable was used and disclosed, including the methodology

● (1) Metric or variable used

○ (2) Metric or variable used and disclosed

○ (3) Metric or variable used and disclosed, including methodology

○ (K) Our organisation did not use or disclose any climate risk metrics or variables affecting our investments during the reporting year

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

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

☑ (A) Scope 1 emissions

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

○ (1) Metric disclosed

● (2) Metric and methodology disclosed

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

<https://www.aberforth.co.uk/about-aberforth/stewardship-esg#Governance%20and%20Corporate%20Responsibility>

☑ (B) Scope 2 emissions

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

○ (1) Metric disclosed

● (2) Metric and methodology disclosed

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

<https://www.aberforth.co.uk/about-aberforth/stewardship-esg#Governance%20and%20Corporate%20Responsibility>

☑ (C) Scope 3 emissions (including financed emissions)

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

○ (1) Metric disclosed

● (2) Metric and methodology disclosed

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

<https://www.aberforth.co.uk/about-aberforth/stewardship-esg#Governance%20and%20Corporate%20Responsibility>

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



## SUSTAINABILITY OUTCOMES

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

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

- (A) Yes, we have identified one or more specific sustainability outcomes connected to our investment activities
- (B) No, we have not yet identified the sustainability outcomes connected to any of our investment activities

Explain why:

Aberforth's purpose is to deliver superior long-term investment returns for its clients and, by extension, for the ultimate beneficiaries of its clients' portfolios. Environmental, social, and governance (ESG) analysis is integrated into Aberforth's investment process alongside all other matters relevant to a company's valuation. The main influence on the composition of the portfolio is the prioritisation of companies with the highest upside from the prevailing stockmarket price to Aberforth's target price. Aberforth's approach is rooted in the view that a company's system of governance is crucial to how all risks and opportunities – ESG and others – are identified and managed.

In recent years, growing awareness of environmental and social issues has accentuated their effects on stockmarket valuations. Aberforth contends that the perception of ESG deficiencies can create valuation opportunities, as the stockmarket often underestimates the ability of small companies to take effective remedial action. Aberforth further contends that valuation discounts related to ESG issues can be challenged through a programme of active engagement to encourage the issues to be addressed. Aberforth is well positioned in this regard: engagement has always been a core element of the investment process. It is achievable because of the firm's commitment to a high level of dedicated and experienced investment management resource.

Although Aberforth's philosophy remains unwavering in the commitment to value investing, unlocking valuation discounts associated with the perception of ESG deficiencies might also be coupled with sustainability outcomes.

# LISTED EQUITY (LE)

## OVERALL APPROACH

### MATERIALITY ANALYSIS

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

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

#### (3) Active - fundamental

(A) Yes, our investment process incorporates material governance factors

(1) for all of our AUM

(B) Yes, our investment process incorporates material environmental and social factors

(1) for all of our AUM

(C) Yes, our investment process incorporates material ESG factors beyond our organisation's average investment holding period

(1) for all of our AUM

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

○

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

○

## MONITORING ESG TRENDS

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

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

### (3) Active - fundamental

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

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

(1) for all of our AUM

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

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

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**(B) Yes, we have a formal process but it does not include scenario analysis - Specify: (Voluntary)**

Aberforth has an ESG integration framework for assessing companies' ESG exposures. The framework is an essential element of the integration of ESG considerations into the investment process, allowing relevant issues for all investee companies to be described, quantified, and tracked. The framework is based on a risks and opportunities analysis of 12 environmental, social and governance sub factors. The framework is built around two scores: a risk score and an evaluation score. The risk score is the starting point of the analysis and is influenced by inputs from several external third parties including the materiality research of the Sustainability Accounting Standards Boards. This score is determined by Aberforth's Stewardship Committee and is applied at the sector level. Risk scores are subject to annual review. The evaluation score uses the same scoring scale, but unlike the risk score, it is influenced by the materiality of the subfactor as it relates to the specifics of the investee company and its business model. The assessment is part of the fundamental analysis applied to all companies and is conducted by the investment manager responsible for the sector. Using the risk score as a reference, subfactor evaluation scores are influenced by the materiality of the risk in question, mitigating practices, targets for improvement and product opportunities.

The process of refreshing evaluation scores occurs annually following the release of the annual report and other sustainability disclosures. This review brings attention to subfactor evaluations that are improving or are declining and that might require engagement. Consistency of scoring among the investment managers is helped by an annual oversight meeting conducted by the Stewardship Committee, which identifies and discusses outliers in the data. The annual review process reflects on the changing ESG trends and any required evolution of the ESG integration framework.

## PRE-INVESTMENT

### ESG INCORPORATION IN RESEARCH

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

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

## (2) Active - fundamental

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

(1) in all cases

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

(1) in all cases

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

(1) in all cases

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

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

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

### (3) Active - fundamental

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

(1) in all cases

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

(1) in all cases

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

(1) in all cases

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

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

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## ESG INCORPORATION IN PORTFOLIO CONSTRUCTION

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

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

Helical [Environmental – decision to purchase, monitoring]: In the wake of the pandemic, there was widespread concern about the effects of working from home on office valuations. The share prices of property investment companies specialising in offices suffered. Through engagement with Helical, it became clear that its approach to the London office market could offset these demand concerns. The company's strategy focuses on the provision of sustainable and high quality office space that is designed to meet high environmental ratings, while providing wellbeing benefits to those using the buildings. So far, the evidence is that this emphasis on sustainability is being rewarded with higher rents in the form of a "green premium", which has yet to be reflected in the stockmarket's valuation of the company. With the logic for Helical's approach established, engagement is now turning to how the board can best access capital to take advantage of the opportunity.

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

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

### (3) Active - fundamental

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

(1) for all of our AUM

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

(1) for all of our AUM

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

(1) for all of our AUM

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

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

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## POST-INVESTMENT

### ESG RISK MANAGEMENT

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

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



## (2) Active - fundamental

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



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



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



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



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



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

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## PERFORMANCE MONITORING

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

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

Example: Helical [Environmental – decision to purchase, monitoring] In the wake of the pandemic, there was widespread concern about the effects of working from home on office valuations. The share prices of property investment companies specialising in offices suffered. Through engagement with Helical, it became clear that its approach to the London office market could offset these demand concerns. The company's strategy focuses on the provision of sustainable and high quality office space that is designed to meet high environmental ratings, while providing wellbeing benefits to those using the buildings. So far, the evidence is that this emphasis on sustainability is being rewarded with higher rents in the form of a "green premium", which has yet to be reflected in the stockmarket's valuation of the company. With the logic for Helical's approach established, engagement is now turning to how the board can best access capital to take advantage of the opportunity.

## CONFIDENCE-BUILDING MEASURES (CBM)

### CONFIDENCE-BUILDING MEASURES

#### APPROACH TO CONFIDENCE-BUILDING MEASURES

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

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

- ☐ (A) We conducted independent third-party assurance of selected processes and/or data related to the responsible investment processes reported in our PRI report, which resulted in a formal assurance conclusion
- ☐ (B) We conducted a third-party readiness review and are making changes to our internal controls or governance processes to be able to conduct independent third-party assurance next year

- ☐ (C) We conducted an internal audit of selected processes and/or data related to the responsible investment processes reported in our PRI report
- ☒ **(D) Our board, trustees (or equivalent), senior executive-level staff (or equivalent), and/or investment committee (or equivalent) signed off on our PRI report**
- ☐ (E) We conducted an external ESG audit of our holdings to verify that our funds comply with our responsible investment policy
- ☐ (F) We conducted an external ESG audit of our holdings as part of risk management, engagement identification or investment decision-making
- ☒ **(G) Our responses in selected sections and/or the entirety of our PRI report were internally reviewed before submission to the PRI**
  - ☐ (H) We did not verify the information submitted in our PRI report this reporting year

## INTERNAL REVIEW

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

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

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