



ABERFORTH PARTNERS

Aberforth Partners LLP (Aberforth) – Governance and Corporate Responsibility

INTRODUCTION

This document outlines Aberforth Partners' approach to governance and corporate responsibility. Parties interested in engaging on these matters should contact the partner responsible, Scott Wallace, on 0131 220 0733.

Aberforth's approach to the stewardship of its investments – including Environmental, Social and Governance (ESG) – on behalf of clients is set out in the firm's response to the UK Stewardship Code, available [HERE](#).

The history of Aberforth Partners LLP is set out [HERE](#). The firm was founded in 1990 and is based in Edinburgh. Aberforth is a specialist investment management partnership dedicated to value investing in UK smaller quoted companies, an often-overlooked segment of the UK equity market. Aberforth's aim is to deliver superior long-term investment returns for clients. The firm is simple by design with a focus on one asset class – small UK quoted companies, which are those comprising the lowest 10% by value of the UK stockmarket. Aberforth's investment strategy is defined by a value investment philosophy, which historical evidence suggests can support favourable long-term investment returns. The target client base is institutional and wholesale investors. The firm manages a small number of funds, and the investment managers regularly update the numerous underlying investors in those funds. This simplicity enables Aberforth to prioritise existing clients over the growth of assets under management.

GOVERNANCE

Aberforth Partners is a Limited Liability Partnership. It is wholly owned by six partners working at the firm and employs 13 staff. The partnership structure is fundamental to aligning the firm's interests with those of its clients. The partners are co-investors in the funds, investing substantial portions of their personal savings alongside clients.

Aberforth's governance is the preserve of the partnership: the partners collectively determine the firm's strategy and policies and are responsible for their implementation. There is no hierarchy within the partnership. Committees, comprising partners and staff, help to manage the workload and are listed below. The Operations Partner takes responsibility for monitoring the implementation and effectiveness of the firm's governance on behalf of all partners.

- The Operations Committee oversees matters of business administration.
- The Risk and Compliance Committee oversees legal, risk and compliance matters. The Head of Risk and Compliance chairs it. Its members include all partners and specified staff.
- The Technology Strategy Committee is responsible for the firm's technology strategy and operations.
- The Stewardship Committee manages matters relating to the stewardship of clients' capital and of the firm, which includes the adoption of relevant external codes. Its consideration of sustainability issues is applied to both investee companies and the firm itself.



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Risk control and compliance

Risk control and compliance are embedded in the firm's internal policies and practices. Adherence is the responsibility of all partners and staff. Guidance and day-to-day support are provided by the Risk and Compliance team. Internal controls are subject to independent annual examination by accountants, Blick Rothenberg, as part of the AAF 01/20 reporting framework. This report is shared with clients and prospective clients.

Aberforth's compliance policies and practices support the integrity of the firm. The framework is reviewed annually and is contained within the internal compliance manual. Established procedures cover whistleblowing, anti-bribery and corruption, anti-money laundering and other relevant 'Know Your Customer' and Consumer Duty practices aligned to FCA regulations. Other elements of the compliance programme support partners and staff in identifying and reporting suspicious transactions, including malpractices such as tax evasion and market abuse. Annual training is conducted to identify, understand, and manage these risks. This is complemented by adherence to the FCA's Conduct Rules. Staff provide annual attestation of compliance and understanding of ethics. Additionally, industry-relevant training and guidance are provided on a regular basis.

Cyber security resilience

Cyber security resilience is supported by Eze Castle Integration (ECI), the firm's cyber security managed service provider. ECI has implemented a Governance and Risk Program (GRP) that provides support in areas such as Risk Assessment and Risk Management, Governance (including Business Impact Analysis), Training and Advanced Cyber Security Protection.

Additional cyber security controls include a Security Operations Centre that monitors the network on a 24/7 basis, an annual Security Assessment review, regular penetration testing exercises, and vulnerability management scanning. Compliance with the "Cyber Essentials Plus" certification is independently assessed annually. Partners and staff participate in regular cyber security testing and training. All employees receive cyber risk training and are subjected to phishing tests frequently throughout the year. In addition, regular incident response simulation tests are conducted.

Finance matters and regulatory capital

The company publishes its Annual Disclosure of Risk and Regulatory Capital Management statement. A copy is available [HERE](#). This is produced in conjunction with the internal capital adequacy and risk assessment (ICARA) reporting, which determines risk appetite and the corresponding need for regulatory capital and liquidity.

Audit

A review of the provision of external audit services to the firm is undertaken periodically to ensure continued independence and quality of service. This resulted in a change of external auditors in 2025. The firm's external auditors are Johnston Carmichael LLP, who conduct corporate audits of statutory legal entities and undertake client money audits of the regulated entities.



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SOCIAL

Culture

Aberforth's purpose is to deliver superior long-term investment returns for the firm's clients. The investment philosophy and process have been and will continue to be crucial to achieving this aim. It is also essential that clients are kept informed about investment returns in a timely, accurate and relevant fashion. In both respects, clients' interests are best served by simplicity and focus. In practical terms, this means reducing distractions and allowing people to maximise the time spent on their core roles.

An important means to achieving this is the ceiling that the firm sets on Aberforth's size. Assets under management are limited to 1.5% of the total market capitalisation of the Deutsche Numis Smaller Companies Index (excluding Investment Companies). A flat organisational structure is sustained, which reduces the time required to manage people and to keep operational support functions within the firm. As a result, the firm has control over the quality of client reporting.

Partners and staff are motivated by how well the firm does business rather than by how much business is done. This aspect of culture is demonstrated by the firm's values of Excellence, Accountability and Team. This is an important consideration when recruiting and retaining people. Experience and proven expertise are particularly valued in specific roles, along with a flexibility to provide cover for other roles in what, by design, is a small business.

The more formal elements of the firm's culture are embedded in a Staff Handbook, a copy of which is provided to all employees on joining the firm. This sets out the firm's policies covering matters such as holidays, working hours, training & development, diversity & inclusion, prohibitions on harassment, and promotion of equal opportunities. The handbook is updated annually.

Reward

The ethos of the partnership means that separate reward structures to incentivise good governance, corporate responsibility, stewardship, and environmental results are not necessary. Aberforth's model is for all its people to be rewarded based on the firm's overall performance, rather than being tied to the investment results of individual stockmarket sectors or funds. The firm's approach to remuneration is founded in its aim to attract high quality people and maintain simplicity of operating processes. To achieve this, remuneration is intended to be in the top quartile of a relevant industry peer group. The firm has an annual performance management cycle to agree objectives, support the performance of work and provide feedback to each member of staff. To align individuals' objectives, a qualitative assessment of each person's contribution to the firm's corporate responsibility and stewardship activities is considered as part of the review cycle. The firm's approach to remuneration is outlined in a remuneration disclosure, which can be found [HERE](#).

Health, Safety & Wellbeing

Health and safety risk assessments are conducted annually, even though Aberforth's personnel work in an office environment with low physical risks. The firm recognises the importance of flexibility in the workplace as well as the benefits of in-person collaboration and coaching, on colleague wellbeing and what these interactions can deliver for the client. Support for the well-being of staff is provided through the provision of employee benefits, including access to mental health and well-being services. Staff representatives are trained in First Aid and Mental Health First Aid. The firm also has a registered defibrillator, which is available to the public.



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Diversity and inclusion

The Staff Handbook details Aberforth's equal opportunities and diversity policy. The policy underlines the firm's commitment to fairness and mutual respect and recognises that discrimination in the workplace is unacceptable. Recruitment, development and progression are based on merit, with the overriding aim of securing the strongest outcomes for clients. At the same time, the policy seeks to ensure that job applicants and employees are treated fairly and without favour or prejudice.

Aberforth's operations team of 13 is diverse by gender, with females at 46% and males at 54%. The investment team is made up of six people, all male. The Operations Partner is responsible for leading diversity matters across the firm.

The firm has embedded initiatives that promote a productive and healthy work culture. During the year, Aberforth's staff completed online training, and employee workshops were held. The results of this work help inform the firm's future activities.

Learning and development

Aberforth recognises the benefits of learning and development for its people and the firm. All personnel are required to complete a minimum of 35 hours each year, which is augmented by the continual professional development requirements of any professional qualifications. The firm also engages external professional performance coaching support, which is accessible to all employees. Aberforth facilitates additional learning by encouraging its staff to attend courses, seminars, and events relevant to their roles and career progression.

Suppliers

Several suppliers support the firm's operational activities and are recorded in a supplier register. A risk assessment is conducted to identify those suppliers providing critical services to the firm and its clients. Such suppliers are subject to enhanced annual due diligence and oversight as part of the firm's control framework. Where relevant, the firm supports suppliers' best practice social policies, including paying the national living wage and preventing modern slavery.

Industry participation

Aberforth's staff are active participants in relevant committees of trade associations, including the Investment Association (IA) and Association of Investment Companies (AIC), as well as local Scottish forums for compliance, operational and corporate matters. The firm also participates in forums with ESG objectives. These include UN PRI and the Financial Reporting Council.

Charity, political donations & volunteering

The firm has a policy of leaving decisions about charitable and political donations to individuals. The firm supports staff wishing to undertake dedicated volunteering or contribute to wider community projects.



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ENVIRONMENTAL

As a small investment management firm of around 20 people working from a single office, Aberforth's direct environmental impact is not significant. Similarly, the potential impact on the business from climate change is low. The firm is well capitalised, and its capital planning scenario analysis includes climate change among potential risks. Nonetheless, Aberforth recognises the challenge of climate change and has adopted a series of policies and initiatives, which are listed below, along with relevant disclosures. These policies will continue to develop, in response to scientific progress, the evolution of regulation, industry recommended practices and internal thinking.

Environmental issues are more influential on companies in which Aberforth invests its clients' capital. On behalf of its clients, the firm takes meaningful stakes in businesses that may have a substantial environmental impact or may be at risk from climate change. Consideration of such risks is integrated into the investment process, acknowledging their potential impact on company valuations. The firm's policies and approach to engagement, along with investee company examples, are set out in the firm's response to the UK Stewardship Code, which is available [HERE](#).

Aberforth continues to work with a local environmental consulting firm, ECO3 Partnership, on a 'Sustainability as a Service' arrangement. Work in the last year has focused on continuing to develop Aberforth's approach as a firm to sustainability matters. In addition, there has been considerable focus on the investment approach, outlined in the Aberforth Stewardship policy and the ESG Integration Framework, both [HERE](#).

Carbon emissions and net zero

Notwithstanding the firm's small size, measuring and understanding its environmental impact is important. Aberforth's emissions are set out below in Table 1. The Scope 1 and 2 intensity ratio has fallen again, compared to the base year of 2022, driven by reduced gas consumption. Scope 3 emissions are reported for the fourth year. Compared to the base year of 2022, there is a notable reduction (40%) in purchased goods and services. This is mainly driven by a methodological change, as explained below. Like last year, engaging with suppliers via a survey has been a proactive approach to tackle the known data quality and availability issues. Compared to last year, the response rate remains steady, with suppliers continuing to respond and increasing their efforts to capture emissions data.

The firm has committed to net zero by 2050 for its operations. To achieve this, the firm has formulated a plan to reduce Scope 1 emissions associated with its office footprint, while optimising the associated emissions of purchased goods and services. The policies and practices relating to business travel have been reviewed, and travel behaviours and practices are continually assessed. The vast majority of business travel relates to client activity, and as such, some level of carbon emissions from travel is currently unavoidable. Rather than purchase a carbon offset, the firm has chosen to invest an equivalent contribution in an Edinburgh-based organisation, Sowing Our Horizons (www.sowingourhorizons.org). They aim to promote a local, circular-based food economy, recognising the carbon emissions arising from the global food system.



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Task Force on Climate-related Financial Disclosures (TCFD)

Whilst there is no mandatory requirement for Aberforth to implement TCFD at present, the firm recognises the importance of the disclosures for the environment, society and the economy. Consequently, the firm has embarked on a pathway to develop and implement them. Scope 3 category 15 investments, or financed emissions, are calculated along with related TCFD metrics such as the WACI (weighted average carbon intensity). These calculations are aligned to the PCAF (Partnership for Carbon Accounting Financials) methodology.

Streamlined Energy and Carbon Reporting emissions

Table

1

Reporting period 1st May 2024 to 30th April 2025
Reporting entity Aberforth Partners LLP (Company Registration no. OC313353)

Scope	Emissions Type	Scope 3 category	Indicator name	Unit	2025	2024	2023	2022	2021
Total direct GHG emissions - Scope 1			Scope 1 - Total	t CO₂ eq.	13.36	13.13	12.67	15.33	14.97
Scope 1	Direct	n/a	Company facilities - Stationary Combustion (gas)	t CO ₂ eq.	13.36	12.02	12.67	15.30	14.94
Scope 1	Direct	n/a	Company vehicles	t CO ₂ eq.	0.00	0.00	0.00	0.00	0.00
Scope 1	Direct	n/a	Fugitive Emissions	t CO ₂ eq.	0.00	1.11	0.00	0.03	0.03
Indirect energy related emissions - Scope 2			Scope 2 - Market based Total	t CO₂ eq.	0.00	0.00	0.00	0.00	5.06
Scope 2	Indirect	n/a	Purchased electricity for own use - location based	t CO ₂ eq.	4.63	5.12	5.56	3.28	5.06
Scope 2	Indirect	n/a	Purchased electricity for own use - market based	t CO ₂ eq.	0.00	0.00	0.00	0.00	5.06
Other indirect GHG emissions - Scope 3			Scope 3 - Total	t CO₂ eq.	53.00	50.99	46.75	66.91	n/a
Scope 3	Upstream	1	Purchased goods and services *	t CO ₂ eq.	24.12	18.31	17.02	40.07	n/a
Scope 3	Upstream	3	Fuel & energy related activities (not included in scope 1 and scope 2)	t CO ₂ eq.	2.64	2.43	3.89	1.05	n/a
Scope 3	Upstream	5	Water & waste generated in operations	t CO ₂ eq.	0.34	0.44	0.34	0.16	n/a
Scope 3	Upstream	6	Business travel *	t CO ₂ eq.	19.97	22.01	16.72	13.19	n/a
Scope 3	Upstream	7	Employee commuting & homeworking *	t CO ₂ eq.	5.94	7.80	8.78	12.45	n/a

* denotes estimate - see below for explanation on methodology

Scope 1 and 2 Intensity ratio					2025	2024	2023	2022	2021
Total Scope 1 and 2					13.36	13.13	12.67	15.33	20.03
FTE					18	20	20	22	21
t CO ₂ e/FTE					0.74	0.66	0.63	0.70	0.95
Scope 1, 2 and 3 Intensity ratio					2025	2024	2023	2022	2021
Total Scope 1, 2 and 3					66.36	64.12	59.42	82.24	
FTE					18	20	20	22	
t CO ₂ e/FTE					3.69	3.21	2.97	3.74	

*The methodologies used are the Greenhouse Gas Protocol and the UK Government conversion factors produced by the Department for Business, Energy & Industrial Strategy (BEIS). Data sources such as the firm's annual operational costs, UK standard industry classification (SIC) codes, ONS data, BEIS emission factors and Aberforth personnel data are used in relevant calculations.

Scope 3 category 1, purchased goods and services, is an estimate determined through analysing the firm's spend on goods and services and categorising them into SIC codes. Supplier specific emissions data was sourced where practicable and available and scenario analysis was undertaken to determine a range of values to attempt to address data quality and availability issues. 96% of the operational spend was assessed, of which, c26% of emissions data was sourced for the supply chain (company scope 1 and 2). A median value from three scenarios was used this year resulting in a methodology change that is less conservative than the baseline 2022 approach.

FTEs recorded for the reporting years are annual averages.

Aberforth Partners LLP

14 Melville Street Edinburgh
EH3 7NS

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