



**PUBLIC RI REPORT**

**2021 PILOT**

**Herald Investment Management Limited**

**Generated 2022-08-18**

# About this report

The PRI Reporting Framework helps to build a common language and industry standard for reporting responsible investment activities. **Public RI Reports** provide accountability and transparency on signatories' responsible investment activities and support dialogue within signatories' organisations, as well as with their clients, beneficiaries and other stakeholders.

This **Public RI Report** is an export of the signatory's responses to the PRI Reporting Framework during the 2021 reporting period. It includes the signatory's responses to mandatory indicators, as well as responses to voluntary indicators that the signatory has agreed to make public.

The information is presented exactly as it was reported. Where an indicator offered a multiple-choice response, all options that were available to select from are included for context. While presenting the information verbatim results in lengthy reports, the approach is informed by signatory feedback that signatories prefer that the PRI does not summarise the information.

## Context

In consultation with signatories, between 2018 and 2020 the PRI extensively reviewed the Reporting and Assessment processes and set the ambitious objective of launching in 2021 a completely new investor Reporting Framework, together with a new reporting tool.

We ran the new investor Reporting and Assessment process as a pilot in its first year, and such process included providing additional opportunities for signatories to provide feedback on the Reporting Framework, the online reporting tool and the resulting reports. The feedback from this pilot phase has been, and is continuing to be analysed, in order to identify any improvements that can be included in future reporting cycles.

## PRI disclaimer

This document presents information reported directly by signatories in the 2021 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

### Our commitment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SLS 1 S1	CORE	N/A	N/A	PUBLIC	Our commitment	GENERAL

- Why does your organisation engage in responsible investment?
- What is your organisation's overall approach to responsible investment?
- What are the main differences between your organisation's approach to responsible investment in its ESG practice and in other practices, across asset classes?

We believe that good ESG practices are consistent with delivering better financial performance. The UK Stewardship Code and the UN-supported Principles for Responsible Investment (PRI) recognise that institutional investors have a duty to act in the best long-term interests of their beneficiaries. Herald shares the belief underlying the Principles, namely that ESG issues affect the performance of investment portfolios (to varying degrees across companies, sectors, regions, asset classes and through time). At Herald, we believe that successful investing is about identifying, and owning for the long-term, companies that can sustainably generate excess returns on capital for years to come. Our objectives are to achieve attractive returns over the medium-to-long term whilst minimising the risk of permanent capital loss for our clients. To achieve this, we seek to identify and invest in high quality companies that are trading below our assessment of their long-term value. It is within our assessment of a company's quality that ESG factors play an important role. As long-term investors, an assessment of ESG risks and opportunities are an inherent part of our investment process as gaining a robust understanding of these issues is a key part of assessing the outlook for future cash flow generation and risks of an investment. As long-term owners we aim to act as responsible stewards of our clients' investment by exercising our proxy voting rights and having open dialogue with portfolio companies on a broad range of issues, including ESG-related issues.



## Annual overview

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SLS 1 S2	CORE	N/A	N/A	PUBLIC	Annual overview	GENERAL

- 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. This might involve e.g. outlining your single most important achievement, or describing your general progress, on topics such as the following:
  - refinement of ESG analysis and incorporation
  - stewardship activities with investees and/or with policy makers
  - collaborative engagements
  - attainment of responsible investment certifications and/or awards

Since the founding of Herald in 1994, we have been long term investors in small quoted, growth companies and taken responsibility for the stewardship of our investors assets whilst providing over £500m of primary capital to finance growth. Within the last year we have continued to provide this supportive financing and refined our Stewardship Approach and Policy to comply with the UK Stewardship Code 2020, recently submitting our first report under the new code. Herald also evolved its approach to ESG integration in the investment process, started using ISS voting research and evaluated the ISS Norm Based Research, which provides useful coverage for the larger companies held in our UCITS large capitalisation TMT fund. We also analysed the ESG data available within Bloomberg and refined some of our Excel based analytical templates, at present there is very limited ESG data available. There is very limited carbon emissions data available for the companies within our portfolio, using a combination of actual and estimated data from Bloomberg we analysed the estimated CO2 emissions of our portfolio for the first time. In early 2021 Herald became a signatory to TCFD. Herald was a significant contributor to the QCA Remuneration Committee Guide which is the key document that Remuneration Committee Chairmen refer to when setting remuneration policies for UK AIM listed companies. We maintain our commitment to responsible investing, and we will continue to review and evolve our approach to responsible investment. We have been abiding by the UK stewardship Code since 2010 and in January 2020, we became signatories of the United Nations-sponsored Principles of Responsible Investment (PRI). We also joined IIGCC and we are evaluating the most balanced and efficacious way for small companies to adopt climate risk reporting.

Herald's ongoing Responsible Investment objectives are to assess material ESG risks as part of the investment process; and to act as responsible owners by engaging with portfolio companies where a material ESG issue exists. We have been active in exercising our investors proxy voting rights for many years and we continue to vote at almost every opportunity that we have.

## Next steps

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SLS 1 S3	CORE	N/A	N/A	PUBLIC	Next steps	GENERAL

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

The commitments we have made to TCFD and PRI are extensive and we aim to be diligent in meeting the increasing standards of corporate governance being demanded of us. We are mindful of our own environmental impact and aim to reduce or mitigate this where possible. Given Herald's smaller companies focus and membership of the QCA we aim to assist in shaping the rules that govern UK smaller companies and the guidance that is available to help them comply. We will continue to promote the importance of an effective small companies' stock market as an engine for economic growth.

## Endorsement

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SLS 1 S4	CORE	N/A	N/A	PUBLIC	Endorsement	GENERAL

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

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Name Katie Potts

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Position Managing Director

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Organisation's name Herald Investment Management Limited

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● This endorsement is for the Senior Leadership Statement only and is not an endorsement of the information reported by Herald Investment Management Limited in the various modules of the Reporting Framework. The Senior Leadership Statement is simply provided as a general overview of Herald Investment Management Limited's responsible investment approach. The Senior Leadership Statement does not constitute advice and should not be relied upon as such, and 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.

# Organisational Overview (OO)

## Organisational information

### Categorisation

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 1	CORE	Signatory category	Multiple, see guidance	PUBLIC	Categorisation	GENERAL

Select the type that best describes your organisation or the services you provide.

(O) Fund management

(1) This is our only (or primary) type

### 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 that are also PRI signatories in their own right?

☐ (A) Yes

☒ (B) No

## Reporting year

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 3	CORE	N/A	N/A	PUBLIC	Reporting year	GENERAL

Indicate the year-end date for your reporting year.

	Month	Day	Year
Reporting year end date:	December	31	2020

## Assets under management

### All asset classes

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 4	CORE	OO 4.1, OO 4.2	N/A	PUBLIC	All asset classes	GENERAL

What were your total assets under management (AUM) at the end of the indicated reporting year? Provide the amount in USD.

(A) AUM of your organisation, including subsidiaries	US\$ 2,133,137,410.00
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(B) AUM of subsidiaries that are PRI signatories in their own right and excluded from this submission	US\$ 0.00
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(C) AUM subject to execution, advisory, custody, or research advisory only	US\$ 0.00
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## Asset breakdown

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

**Provide a percentage breakdown of your total assets under management at the end of your indicated reporting year.**

Percentage of AUM	
(A) Listed equity – internal	>75%
(B) Listed equity – external	0.0%
(C) Fixed income – internal	0.0%
(D) Fixed income – external	0.0%
(E) Private equity – internal	0-10%
(F) Private equity – external	0.0%
(G) Real estate – internal	0.0%
(H) Real estate – external	0.0%
(I) Infrastructure – internal	0.0%
(J) Infrastructure – external	0.0%
(K) Hedge funds – internal	0.0%
(L) Hedge funds – external	0.0%
(M) Forestry – internal	0.0%
(N) Forestry – external	0.0%
(O) Farmland – internal	0.0%

(P) Farmland – external	0.0%
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(Q) Other – internal, please specify:	
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Cash and equivalents (government bonds).	0-10%
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(R) Other – external, please specify:	0.0%
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(S) Off-balance sheet – internal	0.0%
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(T) Off-balance sheet – external	0.0%
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Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.2 LE	CORE	OO 5, OO 5.1	Multiple, see guidance	PUBLIC	Asset breakdown	GENERAL

**Provide a further breakdown of your listed equity assets.**

**(A) Internal allocation**

(1) Passive equity	0.0%
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(2) Active – quantitative	0.0%
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(3) Active – fundamental	>75%
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(4) Investment trusts (REITs and similar publicly quoted vehicles)	0.0%
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(5) Other, please specify:	0.0%
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Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.2 PE	CORE	OO 5, OO 5.1	N/A	PUBLIC	Asset breakdown	GENERAL

**Provide a further breakdown of your private equity assets.**

**(A) Internal allocation**

(1) Venture capital 10-50%

(2) Growth capital 0.0%

(3) (Leveraged) buyout 0.0%

(4) Distressed, turnaround or special situations 0.0%

(5) Secondaries 0.0%

(6) Other, please specify: 50-75%

## ESG strategies

### Listed equity

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 6 LE	CORE	OO 5.2 LE	OO 6.1 LE, LE 13	PUBLIC	Listed equity	1

**Which ESG incorporation strategy and/or combination of strategies do you apply to your internally managed active listed equity?**

**Percentage out of total internally managed active listed equity:**

(A) Screening alone 0.0%

(B) Thematic alone 0.0%

(C) Integration alone >75%

(D) Screening and integration	0.0%
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(E) Thematic and integration	0.0%
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(F) Screening and thematic	0.0%
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(G) All three strategies combined	0.0%
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(H) None	0.0%
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## Stewardship

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 9 LE	CORE	OO 5, OO 5.2 LE	Multiple, see guidance	PUBLIC	Listed equity	2

**Does your organisation conduct stewardship activities for your listed equity assets?**

	(1) Engagement on listed equity – active	(3) (Proxy) voting on listed equity – active
(A) Through service providers	<input type="checkbox"/>	<input type="checkbox"/>
(C) Through internal staff	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) Collaboratively	<input type="checkbox"/>	<input type="checkbox"/>
(E) We did not conduct this stewardship activity	<input type="checkbox"/>	<input type="checkbox"/>



## Private equity, real estate and infrastructure

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 9 ALT	CORE	OO 5	Multiple, see guidance	PUBLIC	Private equity, real estate and infrastructure	2

Does your organisation conduct stewardship activities in the following asset classes?

### (1) Private equity

(A) Through service providers

☐

(C) Through internal staff

☒

(D) Collaboratively

☐

(E) We did not conduct stewardship activities for this asset class

☐

## ESG incorporation

### Internally managed assets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 10	CORE	Multiple, see guidance	Multiple, see guidance	PUBLIC	Internally managed assets	1

For each internally managed asset class, select whether or not you incorporate ESG into your investment decisions.

### (1) ESG incorporated into investment decisions

### (2) ESG not incorporated into investment decisions

(C) Listed equity – active – fundamental

☒
☐

(J) Private equity

☒
☐

(W) Other [as specified]



# Voluntary reporting

## Voluntary modules

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 14	CORE	Multiple, see guidance	Multiple, see guidance	PUBLIC	Voluntary modules	GENERAL

The following modules are voluntary to report on in the separate PRI asset class modules as they account for less than 10% of your total AUM and are under USD 10 billion. Please select if you wish to voluntarily report on the module.

(1) Yes, report on the module

(2) No, opt out of reporting on the module

(F) Private equity



The following modules are mandatory to report on as they account for 10% or more of your total AUM or are over USD 10 billion. The ISP (Investment and Stewardship Policy) module is always applicable for reporting.

(1) Yes, report on the module

ISP: Investment and Stewardship Policy



(A) Listed equity



# ESG/sustainability funds and products

## Labelling and marketing

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 16	CORE	Multiple, see guidance	Multiple, see guidance	PUBLIC	Labelling and marketing	GENERAL

What percentage of your assets under management in each asset class are ESG/sustainability marketed funds or products, and/or ESG/RI certified or labelled assets? Percentage figures can be rounded to the nearest 5% and should combine internally and externally managed assets.

### Percentage

(B) Listed equity – active

0.0%

(E) Private equity

0.0%

## Climate investments

### Asset breakdown

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 17	CORE	N/A	N/A	PUBLIC	Asset breakdown	GENERAL

What percentage of your assets under management is in targeted low-carbon or climate-resilient investments?

0.0%

# Other asset breakdowns

## Geographical breakdown

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 18	CORE	Multiple, see guidance	N/A	PUBLIC	Geographical breakdown	GENERAL

What is the geographical breakdown of your organisation's assets under management by investment destination (i.e. where the investments are located)?

	(1) Listed equity	(6) Private equity
(A) Developed	>75%	>75%
(B) Emerging	0-25%	0.0%
(C) Frontier	0.0%	0.0%
(D) Other	0.0%	0.0%

## Private equity: Sectors

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 21	CORE	OO 5	N/A	PUBLIC	Private equity: Sectors	GENERAL

What is the percentage breakdown of your organisation's internally managed private equity investments by sector?

	Percentage of total internally managed private equity AUM
(A) Energy	0.0%
(B) Materials	0.0%
(C) Industrials	0.0%

(D) Consumer discretionary	0.0%
(E) Consumer staples	0.0%
(F) Health care	0.0%
(G) Financials	50-75%
(H) Information technology	25-50%
(I) Communication services	0-25%
(J) Utilities	0.0%
(K) Real estate	0.0%

## Context and explanation

### ESG not incorporated

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 35	CORE	Multiple, see guidance	N/A	PUBLIC	ESG not incorporated	1, 2

**Describe why you currently do not incorporate ESG into your assets and/or why you currently do not conduct stewardship.**

Description
(M) Internally managed: Other
Other represents cash and cash equivalents, including government bonds. Cash is primarily held at BNYM and the fixed interest securities are UK and US government bonds which are used as a proxy for cash.

# Investment and Stewardship Policy (ISP)

## Responsible investment policy & governance

### Responsible investment policy

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 1	CORE	N/A	ISP 1.1, ISP 1.2	PUBLIC	Responsible investment policy	1

Does your organisation have a formal policy or policies covering your approach to responsible investment? Your approach to responsible investment may be set out in a standalone guideline, covered in multiple standalone guidelines or be part of a broader investment policy. Your policy may cover various responsible investment elements such as stewardship, ESG guidelines, sustainability outcomes, specific climate-related guidelines, RI governance and similar.

- ☒ (A) Yes, we do have a policy covering our approach to responsible investment
- ☐ (B) No, we do not have a policy covering our approach to responsible investment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 1.1	CORE	ISP 1	Multiple, see guidance	PUBLIC	Responsible investment policy	1

What elements does your responsible investment policy cover? The responsible investment elements may be set out in one or multiple standalone guidelines, or they may be part of a broader investment policy.

- ☒ (A) Overall approach to responsible investment
- ☒ (B) Guidelines on environmental factors
- ☐ (C) Guidelines on social factors
- ☒ (D) Guidelines on governance factors
- ☒ (E) Approach to stewardship
- ☐ (F) Approach to sustainability outcomes
- ☒ (G) Approach to exclusions
- ☒ (H) Asset class-specific guidelines that describe how ESG incorporation is implemented
- ☒ (I) Definition of responsible investment and how it relates to our fiduciary duty
- ☒ (J) Definition of responsible investment and how it relates to our investment objectives
- ☒ (K) Responsible investment governance structure

- ☒ (L) Internal reporting and verification related to responsible investment
- ☒ (M) External reporting related to responsible investment
- ☒ (N) Managing conflicts of interest related to responsible investment
- ☐ (O) Other responsible investment aspects not listed here, please specify:

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 1.2	PLUS	ISP 1	N/A	PUBLIC	Responsible investment policy	1

**What mechanisms do you have in place to ensure that your policies are implemented in an aligned and consistent way across the organisation?**

Herald is a small company with 8 investment staff in London and with 1 associate in our New York office. All staff have been involved with the development of the responsible investment policies and believe in them. For over 25 years Herald has been a responsible investor and the members of the investment team are proud of not just the impact they have made by delivering good performance to Herald's investors but also in the value they have created in wider society by providing capital to create value added jobs in the technology sector and by assisting in improving the lives of millions of people through the transformative impact of technology.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 2	CORE	ISP 1.1	N/A	PUBLIC	Responsible investment policy	6

**Indicate which of your responsible investment policy elements are publicly available and provide links.**

- ☒ (A) Overall approach to responsible investment. Add link(s):  
<https://heralduk.com/wp-content/uploads/2021/02/Herald-Approach-to-ESG-Integration.pdf>
- ☒ (B) Guidelines on environmental factors. Add link(s):  
<https://heralduk.com/wp-content/uploads/2021/02/Herald-Approach-to-ESG-Integration.pdf>
- ☒ (D) Guidelines on governance factors. Add link(s):  
<https://heralduk.com/wp-content/uploads/2021/02/Herald-Approach-to-ESG-Integration.pdf>
- ☒ (E) Approach to stewardship. Add link(s):  
<https://heralduk.com/wp-content/uploads/2021/02/Herald-Investment-Management-Stewardship-Approach-and-Policy.pdf>
- ☒ (G) Approach to exclusions. Add link(s):  
<https://heralduk.com/wp-content/uploads/2021/03/Exclusions.pdf>
- ☒ (H) Asset class-specific guidelines that describe how ESG incorporation is implemented. Add link(s):  
<https://heralduk.com/wp-content/uploads/2021/02/Herald-Approach-to-ESG-Integration.pdf>

- ☒ (I) Definition of responsible investment and how it relates to our fiduciary duty. Add link(s):  
<https://heralduk.com/wp-content/uploads/2021/02/Herald-Approach-to-ESG-Integration.pdf>
- ☒ (J) Definition of responsible investment and how it relates to our investment objectives. Add link(s):  
<https://heralduk.com/wp-content/uploads/2021/02/Herald-Approach-to-ESG-Integration.pdf>
- ☒ (K) Responsible investment governance structure. Add link(s):  
<https://heralduk.com/wp-content/uploads/2021/02/Herald-Approach-to-ESG-Integration.pdf>
- ☒ (L) Internal reporting and verification related to responsible investment. Add link(s):  
<https://heralduk.com/wp-content/uploads/2021/02/Herald-Approach-to-ESG-Integration.pdf>
- ☒ (M) External reporting related to responsible investment. Add link(s):  
<https://heralduk.com/wp-content/uploads/2021/02/Herald-Investment-Management-Stewardship-Approach-and-Policy.pdf>
- ☐ (N) Managing conflicts of interest related to responsible investment. Add link(s):
- ☐ (P) Our responsible investment policy elements are not publicly available

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 3	CORE	ISP 1.1	N/A	PUBLIC	Responsible investment policy	1

**What percentage of your total assets under management are covered by your policy elements on overall approach to responsible investment and/or guidelines on environmental, social and governance factors?**

- ☐ (A) Overall approach to responsible investment
- ☐ (B) Guidelines on environmental factors
- ☐ (D) Guidelines on governance factors

**AUM coverage of all policy elements in total:**

>75%



Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 4	CORE	ISP 1.1	N/A	PUBLIC	Responsible investment policy	1

Which elements does your exclusion policy include?

- ☒ (A) Legally required exclusions (e.g. those required by domestic/international law, bans, treaties or embargoes)
- ☒ (B) Exclusions based on our organisation's values or beliefs (e.g. regarding weapons, alcohol, tobacco and/or avoiding other particular sectors, products, services or regions)
- ☐ (C) Exclusions based on screening against minimum standards of business practice based on international norms (e.g. OECD guidelines, the UN Human Rights Declaration, Security Council sanctions or the UN Global Compact)

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 5	CORE	Multiple, see guidance	N/A	PUBLIC	Responsible investment policy	1

What percentage of your total assets under management are covered by your asset class-specific guidelines that describe how ESG incorporation is implemented?

AUM Coverage:

(A) Listed Equity >75%

(C) Private Equity >75%

## Governance

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 6	CORE	N/A	ISP 8	PUBLIC	Governance	1

**Do your organisation's board, chief-level staff, investment committee and/or head of department have formal oversight and accountability for responsible investment?**

- ☒ (A) Board and/or trustees
- ☒ (B) Chief-level staff (e.g. Chief Executive Officer (CEO), Chief Investment Officer (CIO) or Chief Operating Officer (COO))
- ☒ (C) Investment committee
- ☐ (D) Other chief-level staff, please specify:
- ☐ (E) Head of department, please specify department:
- ☐ (F) None of the above roles have oversight and accountability for responsible investment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 7	CORE	N/A	ISP 8	PUBLIC	Governance	1

**In your organisation, which internal or external roles have responsibility for implementing responsible investment?**

- ☐ (A) Board and/or trustees
- ☒ (B) Chief-level staff (e.g. Chief Executive Officer (CEO), Chief Investment Officer (CIO) or Chief Operating Officer (COO))
- ☐ (C) Investment committee
- ☐ (D) Other chief-level staff [as specified]
- ☐ (E) Head of department [as specified]
- ☒ (F) Portfolio managers
- ☒ (G) Investment analysts
- ☐ (H) Dedicated responsible investment staff
- ☐ (I) Investor relations
- ☐ (J) External managers or service providers
- ☐ (K) Other role, please specify:
- ☐ (L) Other role, please specify:
- ☐ (M) We do not have roles with responsibility for implementing responsible investment.

## People and capabilities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 8	CORE	ISP 6, ISP 7	ISP 8.1, ISP 8.2	PUBLIC	People and capabilities	General

What formal objectives for responsible investment do the roles in your organisation have?

	(1) Board and/or trustees	(2) Chief-level staff	(3) Investment committee	(6) Portfolio managers	(7) Investment analysts
(A) Objective for ESG incorporation in investment activities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Objective for contributing to the development of the organisation's ESG incorporation approach	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Objective for contributing to the organisation's stewardship activities (e.g. through sharing findings from continuous ESG research or investment decisions)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) Objective for ESG performance	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(E) Other objective related to responsible investment [as specified]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(F) Other objective related to responsible investment [as specified]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(G) No formal objectives for responsible investment exist for this role	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 8.1	PLUS	ISP 8	N/A	PUBLIC	People and capabilities	General

**Describe the key responsible investment performance indicators (KPIs) or benchmarks that your organisation uses to compare and assess the performance of your professionals in relation to their responsible investment objectives.**

Herald does not believe that a tick box approach to Responsible Investing, Stewardship and Corporate Governance is appropriate. Investing in small, early stage technology companies operating in different jurisdictions all over the world means that relying upon the judgement and discretion of professional investment staff is important. All investment staff are appraised annually, in the long run a high proportion of their rewards come from share ownership in the management company, the success of which is driven by the performance and reputation of its investors. The majority of the AUM are from a publicly listed investment trust on the London Stock Exchange which follows the highest standards of transparency and corporate governance and has a fully independent Board of Non-Executive Directors.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 8.2	CORE	ISP 8	N/A	PUBLIC	People and capabilities	General

**Which responsible investment objectives are linked to variable compensation for roles in your organisation?**

**RI objectives linked to variable compensation for roles in your organisation:**

(1) **Board and/or trustees**

(B) Objective for contributing to the development of the organisation's ESG incorporation approach ☐

(C) Objective for contributing to the organisation's stewardship activities (e.g. through sharing findings from continuous ESG research or investment decisions) ☐

(D) Objective on ESG performance ☐

**(2) Chief-level staff (e.g. Chief Executive Officer (CEO), Chief Investment Officer (CIO) or Chief Operating Officer (COO))**

---

(A) Objective for ESG incorporation in investment activities ☐

---

(B) Objective for contributing to the development of the organisation's ESG incorporation approach ☐

---

(C) Objective for contributing to the organisation's stewardship activities (e.g. through sharing findings from continuous ESG research or investment decisions) ☐

---

(D) Objective for ESG performance ☐

---

**(3) Investment committee**

---

(B) Objective for contributing to the development of the organisation's ESG incorporation approach ☐

---

**(6) Portfolio managers**

---

(A) Objective on ESG incorporation in investment activities ☐

---

(B) Objective for contributing to the development of the organisation's ESG incorporation approach ☐

---

(C) Objective for contributing to the organisation's stewardship activities (e.g. through sharing findings from continuous ESG research or investment decisions) ☐

---

(D) Objective for ESG performance ☐

---

**(7) Investment analysts**

(A) Objective for ESG incorporation in investment activities ☐

(B) Objective for contributing to the development of the organisation's ESG incorporation approach ☐

(C) Objective for contributing to the organisation's stewardship activities (e.g. through sharing findings from continuous ESG research or investment decisions) ☐

(D) Objective for ESG performance ☐

(G) We have not linked any RI objectives to variable compensation ☒

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 9	CORE	N/A	N/A	PUBLIC	People and capabilities	General

**How frequently does your organisation assess the responsible investment capabilities and training needs among your investment professionals?**

- ☐ (A) Quarterly or more frequently
- ☐ (B) Bi-annually
- ☒ (C) **Annually**
- ☐ (D) Less frequently than annually
- ☐ (E) On an ad hoc basis
- ☐ (F) We do not have a process for assessing the responsible investment capabilities and training needs among our investment professionals

## Strategic asset allocation

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 10	CORE	N/A	ISP 10.1	PUBLIC	Strategic asset allocation	1

**Does your organisation incorporate ESG factors into your strategic asset allocation?**

- ☒ (A) We incorporate ESG factors into calculations for expected risks and returns of asset classes
- ☐ (B) We specifically incorporate physical, transition and regulatory changes related to climate change into calculations for expected risks and returns of asset classes
- ☐ (C) No, we do not incorporate ESG considerations into our strategic asset allocation
- ☐ (D) Not applicable, we do not have a strategic asset allocation process

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 10.1	CORE	ISP 10	N/A	PUBLIC	Strategic asset allocation	1

**For what proportion of assets do you incorporate ESG factors into your strategic asset allocation process?**

(A) We incorporate ESG factors into calculations for expected risks and returns of asset classes (1) for all of our assets

# Stewardship

## Stewardship policy

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 11	CORE	Multiple, see guidance	N/A	PUBLIC	Stewardship policy	2

What percentage of your assets under management does your stewardship policy cover?

(A) Listed equity >75%

(C) Private equity >75%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 12	CORE	ISP 1.1	ISP 12.1	PUBLIC	Stewardship policy	2

Which elements does your organisation's stewardship policy cover? The policy may be a standalone guideline or part of a wider RI policy.

- ☒ (A) Key stewardship objectives
- ☒ (B) Prioritisation approach of ESG factors and their link to engagement issues and targets
- ☒ (C) Prioritisation approach depending on entity (e.g. company or government)
- ☒ (D) Specific approach to climate-related risks and opportunities
- ☐ (E) Stewardship tool usage across the organisation, including which, if any, tools are out of scope and when and how different tools are used and by whom (e.g. specialist teams, investment teams, service providers, external investment managers or similar)
- ☒ (F) Stewardship tool usage for specific internal teams (e.g. specialist teams, investment teams or similar)
- ☐ (G) Stewardship tool usage for specific external teams (e.g. service providers, external investment managers or similar)
- ☒ (H) Approach to collaboration on stewardship
- ☒ (I) Escalation strategies
- ☒ (J) Conflicts of interest
- ☐ (K) Details on how the stewardship policy is implemented and which elements are mandatory, including how and when the policy can be overruled
- ☐ (L) How stewardship efforts and results should be communicated across the organisation to feed into investment decision-making and vice versa
- ☐ (M) None of the above elements are captured in our stewardship policy



## Stewardship policy implementation

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 13	CORE	ISP 1.1	N/A	PUBLIC	Stewardship policy implementation	2

How is your stewardship policy primarily applied?

- ☒ (A) It requires our organisation to take certain actions
- ☐ (B) It describes default actions that can be overridden (e.g. by investment teams for certain portfolios)
- ☐ (C) It creates permission for taking certain measures that are otherwise exceptional
- ☐ (D) We have not developed a uniform approach to applying our stewardship policy

## Stewardship objectives

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 15	CORE	Multiple, see guidance	N/A	PUBLIC	Stewardship objectives	2

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

	(1) Listed equity	(3) Private equity
(A) Maximise the risk-return profile of individual investments	<input type="radio"/>	<input type="radio"/>
(B) Maximise overall returns across the portfolio	<input type="radio"/>	<input type="radio"/>
(C) Maximise overall value to beneficiaries/clients	<input checked="" type="radio"/>	<input checked="" type="radio"/>
(D) Contribute to shaping specific sustainability outcomes (i.e. deliver impact)	<input type="radio"/>	<input type="radio"/>

## Stewardship prioritisation

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 16	CORE	Multiple, see guidance	N/A	PUBLIC	Stewardship prioritisation	2

What key criteria does your organisation use to prioritise your engagement targets? For asset classes such as real estate, private equity and infrastructure, you may consider this as key criteria to prioritise actions taken on ESG factors for assets, portfolio companies and/or properties in your portfolio. Select up to 3 options per asset class from the list.

	(1) Listed equity	(3) Private equity
(A) The size of our holdings in the entity or the size of the asset, portfolio company and/or property	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) The materiality of ESG factors on financial and/or operational performance	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Specific ESG factors with systemic influence (e.g. climate or human rights)	<input type="checkbox"/>	<input type="checkbox"/>
(D) The ESG rating of the entity	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(E) The adequacy of public disclosure on ESG factors/performance	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(F) Specific ESG factors based on input from clients	<input type="checkbox"/>	<input type="checkbox"/>
(G) Specific ESG factors based on input from beneficiaries	<input type="checkbox"/>	<input type="checkbox"/>
(H) Other criteria to prioritise engagement targets, please specify:	<input type="checkbox"/>	<input type="checkbox"/>

(I) We do not prioritise our engagement targets



## Stewardship methods

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 17	PLUS	Multiple, see guidance	N/A	PUBLIC	Stewardship methods	2

**Please rank the methods that are most important for your organisation in achieving its stewardship objectives. Ranking options: 1 = most important, 5 = least important.**

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

1

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

We do not use this method

(C) External paid services or initiatives other than investment managers, third-party operators and/or external property managers (paid beyond a membership fee)

We do not use this method

(D) Informal or unstructured collaborations with peers

5

(E) Formal collaborative engagements (e.g. PRI-coordinated collaborative engagements, Climate Action 100+, the Initiative Climat International (iCI) or similar)

4

## Collaborative stewardship

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 18	CORE	Multiple, see guidance	ISP 18.1	PUBLIC	Collaborative stewardship	2

**Which of the following best describes your organisation's default position, or the position of the service providers/external managers acting on your behalf, with regards to collaborative stewardship efforts such as collaborative engagements?**

- ☐ (A) We recognise that stewardship suffers from a collective action problem, and, as a result, we actively prefer collaborative efforts
- ☐ (B) We collaborate when our individual stewardship efforts have been unsuccessful or are likely to be unsuccessful, i.e. as an escalation tool
- ☐ (C) We collaborate in situations where doing so would minimise resource cost to our organisation
- ☒ (D) **We do not have a default position but collaborate on a case-by-case basis**
- ☐ (E) We generally do not join collaborative stewardship efforts

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 18.1	PLUS	ISP 18	N/A	PUBLIC	Collaborative stewardship	2

**Describe your position on collaborating for stewardship.**

The majority of investee companies are small capitalisation quoted companies (or unquoted companies to which venture capital has been provided) and situations where we would consider such collective interventions arise more frequently than they would in the case of large quoted companies.

We recognise the benefits in certain instances of working alongside other like-minded investors on both policy and company specific matters, which can increase the influence that we can bring to bear on our clients' behalf. In UK listed investments the Nomad is a useful point of contact to collate views from multiple shareholders, and in some instances is preferable to communicating with other investors, because we do not want to breach concert party rules—In the case of quoted investments usually our clients are minority shareholders as HIML has a policy of generally not holding more than 10% of a quoted company; when HIML's voting power is relatively small it may be necessary to act collectively with other investors to achieve an agreed common objective. The venture capital partnerships managed by HIML can and do hold substantial and sometimes controlling shareholdings in investee companies. In such cases we seek to act, so far as is possible, in the collective interest of all shareholders.

## Escalation strategies

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 19	PLUS	Multiple, see guidance	N/A	PUBLIC	Escalation strategies	2

**Which of these measures did your organisation, or the service providers/external managers acting on your behalf, use most frequently when escalating initial stewardship approaches that were deemed unsuccessful?**

### (1) Listed equity

(A) Collaboratively engaging the entity with other investors

☐

(B) Filing/co-filing/submitting a shareholder resolution or proposal

☐

(C) Publicly engaging the entity (e.g. open letter)

☐

(D) Voting against the re-election of one or more board directors

☒

(E) Voting against the chair of the board of directors

☐

(F) Voting against the annual financial report

☐

(G) Divesting or implementing an exit strategy

☒

(H) We did not use any escalation measures during the reporting year. Please explain why below

☐

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 20	CORE	Multiple, see guidance	N/A	PUBLIC	Escalation strategies	2

**If initial stewardship approaches were deemed unsuccessful, which of the following measures are excluded from the potential escalation actions of your organisation or those of the service providers/external managers acting on your behalf?**

**(1) Listed equity**

(A) Collaboratively engaging the entity with other investors

☐

(B) Filing/co-filing/submitting a shareholder resolution or proposal

☐

(C) Publicly engaging the entity (e.g. open letter)

☐

(D) Voting against the re-election of one or more board directors

☐

(E) Voting against the chair of the board of directors

☐

(F) Voting against the annual financial report

☐

(G) Divesting or implementing an exit strategy

☐

(H) We do not have any restrictions on the escalation measures we can use

☒

## Alignment and effectiveness

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 21	PLUS	Multiple, see guidance	N/A	PUBLIC	Alignment and effectiveness	2

**Describe how you coordinate stewardship across your organisation to ensure that stewardship progress and results feed into investment decision-making and vice versa.**

We actively monitor the activities and announcements of companies in which we invest on behalf of our clients and normally have a regular dialogue directly with top management. Our monitoring of investee companies' strategies and performance is integral to our investment process. We maintain an audit trail of our dialogue with companies by recording nearly all meetings and all voting activity. This enables us to monitor the effectiveness of our engagements and set priorities for future engagements. The Investment Managers making investment decisions are also involved with stewardship activities.

## Stewardship examples

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 22	PLUS	Multiple, see guidance	N/A	PUBLIC	Stewardship examples	2

**Describe stewardship activities that you participated in during the reporting year that led to desired changes in the entity you interacted with. Include what ESG factor(s) you engaged on and whether your stewardship activities were primarily focused on managing ESG risks and opportunities or delivering sustainability outcomes.**

	(1) Engagement type	(2) Primary goal of stewardship activity
(A) Example 1	a) Internally (or service provider) led	a) Managing ESG risks/opportunities
(B) Example 2	a) Internally (or service provider) led	a) Managing ESG risks/opportunities
	(3) The ESG factors you focused on in the stewardship activity	(4) Description of stewardship activity and the desired change(s) you achieved

(A) Example 1	Governance	<p>In 2020 for a media company holding, incorporated overseas, and listed on AIM, we were not consulted on the structure of a new share-based management incentive scheme. There were no details made publicly available to shareholders as at the deadline for the AGM vote on introducing the scheme. Herald did not support the AGM vote. On counting the votes in advance of the meeting, the company realised it did not have shareholder support. <b>(response continued in row below)</b></p>
		<p>The company withdrew the vote at the AGM. In subsequent weeks, Herald engaged with the Chair of the company's remuneration committee and the terms of the scheme were tightened, made available to Herald and we subsequently voted to approve the scheme at an EGM. The scheme was then passed..</p>
(B) Example 2	Governance	<p>In 2020 a European holding of Herald wanted shareholder approval at an AGM to issue up to Euro 30m of equity or convertible bonds potentially without pre-emption rights. This was a renewal of an existing permission from some years earlier. The value was approximately half the market capitalization of the company at the time. <b>(response continued in row below)</b></p>
		<p>We considered this level of dilution was potentially excessive and discussed with the company. The company explained that this permission was to enable them to make acquisitions, that using the permission historically they had successfully completed several small bolt-on acquisitions. The company said that they viewed the share issuance for potential acquisitions spread over 5 years, hence less than 10% a year. <b>(response continued in row below)</b></p>



Furthermore were the company to propose a capital increase without pre-emption rights, it would provide a detailed memorandum which legally required them to disclose the reasons for the decision, for the review and approval of the board of statutory auditors, who would also need to assess the sensibility of the issue price. We decided to abstain on the resolution as we felt this balanced the need for the company to have some flexibility to make acquisitions for shares with the high level of share issuance power the company was being granted. A significant management shareholding (around 50%) in the company gave comfort that Herald investors would not be needlessly diluted. The resolution was passed, but the point has been made, and the company is likely to review the way it seeks shareholder approval for equity issuance in the future..

## Engaging policymakers

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 23	CORE	N/A	Multiple, see guidance	PUBLIC	Engaging policymakers	2

**How does your organisation, or the external investment managers or service providers acting on your behalf, engage with policymakers for a more sustainable financial system?**

- ☒ (A) We engage with policymakers directly
- ☒ (B) We provide financial support, are members of and/or are in another way affiliated with third-party organisations, including trade associations and non-profit organisations, that engage with policymakers
- ☐ (C) We do not engage with policymakers directly or indirectly

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 23.1	CORE	ISP 23	N/A	PUBLIC	Engaging policymakers	2

**What methods do you, or the external investment managers or service providers acting on your behalf, use to engage with policymakers for a more sustainable financial system?**

- ☐ (A) We participate in "sign-on" letters on ESG policy topics. Describe:
- ☐ (B) We respond to policy consultations on ESG policy topics. Describe:
- ☐ (C) We provide technical input on ESG policy change. Describe:
- ☐ (D) We proactively engage financial regulators on financial regulatory topics regarding ESG integration, stewardship, disclosure or similar. Describe:

☒ **(E) We proactively engage regulators and policymakers on other policy topics. Describe:**

Herald participates in market and industry associations, where relevant and effective, to help develop and improve market and corporate practice, regulation and reporting. A particular focus is to promote the effective functioning of smaller company equity markets and so Herald engages with regulators, governments and corporate governance bodies to try to ensure the rules and regulations used to govern such businesses are appropriate and proportionate to their scale. Herald contributes to the development of the rules that govern smaller companies through its participation in Quoted Company Alliance ('QCA') committees including the QCA secondary markets group and the QCA remuneration committee which produces the guide outlining best practice for UK small companies. In the past we have also directly interacted with European Regulators and the FCA, LSE and Treasury in the UK.

- ☐ (F) Other methods used to engage with policymakers. Describe:

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 23.2	CORE	ISP 23	N/A	PUBLIC	Engaging policymakers	2

**Do you have governance processes in place (e.g. board accountability and oversight, regular monitoring and review of relationships) that ensure your policy activities, including those through third parties, are aligned with your position on sustainable finance and your commitment to the 6 Principles of the PRI?**

☒ **(A) Yes, we have governance processes in place to ensure that our policy activities are aligned with our position on sustainable finance and our commitment to the 6 Principles of the PRI. Describe your governance processes:**

Our approach to governance, sustainability and stewardship is consistent with the overall aims of Herald which are to provide good long-term performance for our clients; to bear in mind at all times that clients' interests are paramount; and to maintain the good reputation that Herald has established among investee companies, investment professionals and the wider public since its foundation in 1994. Our Stewardship activities are monitored both by the Board of Herald Investment Management Limited and the independent boards of Herald's client funds.

- ☐ (B) No, we do not have these governance processes in place. Please explain why not:

## Engaging policymakers – Policies

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 24	CORE	ISP 23	ISP 24.1	PUBLIC	Engaging policymakers – Policies	2

**Do you have policies in place that ensure that your political influence as an organisation is aligned with your position on sustainable finance and your commitment to the 6 Principles of the PRI?**

☐ (A) Yes, we have a policy(ies) in place. Describe your policy(ies):

☒ (B) No, we do not a policy(ies) in place. Please explain why not:

All senior members of investment staff are supportive of and have been involved with the development of Herald's Stewardship, Responsible Investing and ESG integration policies and approaches. As a small company a separate policy to control the use of political influence is deemed unnecessary.

## Engaging policymakers – Transparency

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 25	CORE	ISP 23	N/A	PUBLIC	Engaging policymakers – Transparency	2

**During the reporting year, did your organisation publicly disclose your policy engagement activities or those conducted on your behalf by external investment managers/service providers?**

☒ (A) We publicly disclosed details of our policy engagement activities. Add link(s):

<https://heralduk.com/wp-content/uploads/2021/02/Herald-Investment-Management-Stewardship-Approach-and-Policy.pdf>

☐ (B) We publicly disclosed a list of our third-party memberships in or support for trade associations, think-tanks or similar that conduct policy engagement activities with our support or endorsement. Add link(s):

☐ (C) No, we did not publicly disclose our policy engagements activities during the reporting year. Explain why:

☐ (D) Not applicable, we did not conduct policy engagement activities

# Climate change

## Public support

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 26	CORE	N/A	N/A	PUBLIC	Public support	General

**Does your organisation publicly support the Paris Agreement?**

- (A) Yes, we publicly support the Paris Agreement Add link(s) to webpage or other public document/text expressing support for the Paris Agreement:
- (B) No, we currently do not publicly support the Paris Agreement

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 27	CORE	N/A	N/A	PUBLIC	Public support	General

**Does your organisation publicly support the Task Force on Climate-Related Financial Disclosures (TCFD)?**

- (A) Yes, we publicly support the TCFD Add link(s) to webpage or other public document/text expressing support for the TCFD:  
<https://www.fsb-tcfd.org/supporters/>
- (B) No, we currently do not publicly support the TCFD

## Governance

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 28	CORE	N/A	N/A	PUBLIC	Governance	General

**How does the board or the equivalent function exercise oversight over climate-related risks and opportunities?**

- ☐ (A) By establishing internal processes through which the board or the equivalent function are informed about climate-related risks and opportunities. Specify:
- ☐ (B) By articulating internal/external roles and responsibilities related to climate. Specify:
- ☒ (C) By engaging with beneficiaries to understand how their preferences are evolving with regard to climate change. Specify:  
Herald's investors review and discuss Herald's Stewardship Policy, Responsible Investing and ESG approach. The independent boards of the investors also report on and disclose climate-related risks and opportunities to the ultimate beneficiaries in the funds annual reporting.
- ☐ (D) By incorporating climate change into investment beliefs and policies. Specify:

☒ (E) By monitoring progress on climate-related metrics and targets. Specify:

Climate change is incorporated into the risk maps of Herald's investors. The estimated CO2 emissions of the investment portfolios are monitored and reported annually in a publicly available Stewardship Report.

☐ (F) By defining the link between fiduciary duty and climate risks and opportunities. Specify:

☐ (G) Other measures to exercise oversight, please specify:

☐ (H) The board or the equivalent function does not exercise oversight over climate-related risks and opportunities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 29	CORE	N/A	N/A	PUBLIC	Governance	General

**What is the role of management in assessing and managing climate-related risks and opportunities?**

☒ (A) Management is responsible for identifying climate-related risks/opportunities and reporting them back to the board or the equivalent function. Specify:

Management report on the risks and opportunities of climate change and climate change regulation to the board. For example the environmental impact of the company is discussed and ways to mitigate this agreed. This includes: the use of energy efficient lighting, increasing the buildings energy efficiency, encouraging and incentivising staff to use Electric Vehicles (EV's) and provision of EV charging points, purchase of zero carbon electricity. The discussion is evolving and current topics include the potential use of an external environmental impact advisor and the use of carbon credits to offset CO2 emissions due to flying. The risks and opportunities of climate change and the implications for our investors funds are discussed with both the board of the fund management company and the independent boards of the beneficiaries funds. Management and the board are aware that additional climate change risk analysis and environmental impact reporting will be required over the coming years and an incremental and measured approach is planned.

☒ (B) Management implements the agreed-upon risk management measures. Specify:

Many of the measures discussed above have already been implemented and the development of further risk management measures is anticipated.

☒ (C) Management monitors and reports on climate-related risks and opportunities. Specify:

The company is in the investment management business and has office space in London and New York. There are limited climate change physical risks to these offices and the past year has demonstrated that activities can continue without a central location. The main climate change risks are borne by the companies within the investment portfolios of our client funds.

These funds which only invest in the technology, media and telecommunications sectors, face physical or transition risks from climate change. Transition risks may arise from the process of adjustment towards a net-zero carbon economy. The UK Government has set a target of achieving net zero greenhouse gas emissions by 2050 to respond to the challenge climate change poses. Since inception in 1994, Herald has focussed on investing in small companies operating in the newer sectors of the economy and our philosophy has been to invest in companies creating disruption and to avoid the disrupted. Furthermore, much of the world's most advanced technology and intellectual property tends to reside in the wealthiest and most advanced economies, which themselves have strict environmental standards. The diversified nature of the portfolio and the disaster recovery plans of investee companies has meant that individual climate related disasters have historically had a modest overall impact on the assets of the company at the portfolio level. There will clearly be climate transition risks for many companies in the wider economy and the investment manager has highlighted the increasing challenge in complying with environmental regulation and reporting requirements. Some companies within the portfolio are likely to see their revenues grow as they produce products that facilitate a reduction in CO2 emissions and mitigate the damage caused by climate change. The estimated CO2 emissions from the portfolio are tracked and the environmental impact of new holdings is considered as part of the investment process.

☐ (D) Management ensures adequate resources, including staff, training and budget, are available to assess, implement and monitor climate-related risks/opportunities and measures. Specify:

☐ (E) Other roles management takes on to assess and manage climate-related risks/opportunities, please specify:

☐ (F) Our management does not have responsibility for assessing and managing climate-related risks and opportunities

# Strategy

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 30	CORE	N/A	Multiple, see guidance	PUBLIC	Strategy	General

**Which climate-related risks and opportunities has your organisation identified within its investment time horizon(s)?**

☒ **(A) Specific financial risks in different asset classes. Specify:**

Herald primarily invests in equities within the TMT sector, we have holdings globally in over 350 TMT companies these businesses face physical and transition climate change risks. The climate change risks to the portfolio holdings in cash and Government fixed interest securities are indirect and limited.

☒ **(B) Specific sectors and/or assets that are at risk of being stranded. Specify:**

Given the TMT sector focus of Herald, we do not believe the investments are exposed to sectors likely to be stranded.

☒ **(C) Assets with exposure to direct physical climate risk. Specify:**

Physical risks from climate change arise from a number of factors, and relate to specific weather events (such as heatwaves, floods, wildfires and storms) and longer-term shifts in the climate (such as changes in precipitation, extreme weather variability, sea level rise, and rising mean temperatures). Much of the world's most advanced technology and intellectual property tends to reside in the wealthiest and most advanced economies, which themselves have strict environmental standards and are reasonably effective at mitigating such risks. On occasion the assets of some companies within the portfolio have been damaged or threatened due to climate, for example, because of flooding in Thailand or wildfires in Australia or California. The diversified nature of the portfolio and the disaster recovery plans of investee companies has meant that such individual disasters have historically had a modest overall impact on the assets of the company at the portfolio level.

☒ **(D) Assets with exposure to indirect physical climate risk. Specify:**

Some holdings within the investment portfolios may be vulnerable to indirect physical climate change risks for example: increased electricity prices caused by the removal of power stations that use fossil fuels may impact on the profitability of some datacentre and manufacturing companies.

☒ **(E) Specific sectors and/or assets that are likely to benefit under a range of climate scenarios. Specify:**

Numerous investee companies assist in improving the world environmentally and the Company has invested in many companies that produce products where a key focus had been to reduce power consumption or to generate or store energy in a more environmentally friendly manner. The largest component of the portfolio is software, which provides efficiencies for enterprises, governments and consumers. Other sectors of the portfolio often provide and improve the enabling supply chain. Technology also provides energy efficient communications, entertainment and more; and we firmly believe that capitalism and technological innovation combined are the central requirements to address the environmental challenges we face. This is in contrast to the environmental impact of the older parts of the economy such as transport, extractive industries or heavy industrial sectors where Herald does not invest. The majority of investments in the technology and media sectors have a low carbon footprint and the carbon emissions of the portfolios are estimated to be a fraction of those relative to the large companies indices in the UK and US.

☒ **(F) Specific sectors and/or assets that contribute significantly to achieving our climate goals. Specify:**

Herald has always invested in innovative and disruptive companies, a number of these assist in and benefit from the targeting of climate related goals. For example: a number of semiconductor companies make power efficient semiconductors, one holding generates electricity from tidal power and other is a leader in the manufacture of electrolyzers that facilitate the storage of energy from renewable resources as hydrogen – a clean fuel. In the past we have invested in other electrolyser producers and fuel cell companies. The portfolio also includes solid state battery companies that may facilitate the transition to electric vehicles.

☐ (G) Other climate-related risks and opportunities identified. Specify:

☐ (H) We have not identified specific climate-related risks and opportunities within our organisation's investment time horizon

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 30.1	CORE	ISP 30	N/A	PUBLIC	Strategy	General

**For each of the identified climate-related risks and opportunities, indicate within which investment time-horizon they were identified.**

	(1) 3–5 months	(2) 6 months to 2 years	(3) 2–4 years	(4) 5–10 years
(A) Specific financial risks in different asset classes [as specified]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Specific sectors and/or assets that are at risk of being stranded [as specified]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(C) Assets with exposure to direct physical climate risk [as specified]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(D) Assets with exposure to indirect physical climate risk [as specified]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(E) Specific sectors and/or assets that are likely to benefit under a range of climate scenarios [as specified]	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(F) Specific sectors and/or assets that contribute significantly to achieving our climate goals [as specified]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	(5) 11–20 years	(6) 21–30 years	(7) >30 years	
(A) Specific financial risks in different asset classes [as specified]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

(B) Specific sectors and/or assets that are at risk of being stranded [as specified]	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Assets with exposure to direct physical climate risk [as specified]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(D) Assets with exposure to indirect physical climate risk [as specified]	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(E) Specific sectors and/or assets that are likely to benefit under a range of climate scenarios [as specified]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(F) Specific sectors and/or assets that contribute significantly to achieving our climate goals [as specified]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 31	CORE	N/A	N/A	PUBLIC	Strategy	General

**Which climate-related risks and opportunities has your organisation identified beyond its investment time horizon(s)?**

- ☐ (A) Specific financial risks in different asset classes. Specify:
- ☐ (B) Specific sectors and/or assets that are at risk of being stranded. Specify:
- ☐ (C) Assets with exposure to direct physical climate risk. Specify:
- ☐ (D) Assets with exposure to indirect physical climate risk. Specify:
- ☐ (E) Specific sectors and/or assets that are likely to benefit under a range of climate scenarios. Specify:
- ☐ (F) Specific sectors and/or assets that contribute significantly to achieving our climate goals. Specify:
- ☐ (G) Other climate-related risks and opportunities identified, please specify:
- ☒ (H) We have not identified specific climate-related risks and opportunities beyond our organisation's investment time horizon



Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 32	PLUS	N/A	N/A	PUBLIC	Strategy	General

**Describe the impact of climate-related risks and opportunities on your organization's investment strategy, products (where relevant) and financial planning.**

The majority of investments in the technology and media sectors have a low carbon footprint and the carbon emissions of the portfolios are estimated to be a fraction of those relative to the large companies indices in the UK and US. Furthermore, much of the world's most advanced technology and intellectual property tends to reside in the wealthiest and most advanced economies, which themselves have strict environmental standards. Given these factors, over the years Herald has therefore found little requirement to engage actively in resetting the environmental standards of companies within the portfolio as they typically operate well ahead of, and in some cases lead, the environmental standards of the countries in which they operate.

## Strategy: Scenario analysis

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 33	CORE	N/A	ISP 33.1	PUBLIC	Strategy: Scenario analysis	General

**Does your organisation use scenario analysis to assess climate-related investment risks and opportunities? Select the range of scenarios used.**

- ☐ (A) An orderly transition to a 2°C or lower scenario
- ☐ (B) An abrupt transition consistent with the Inevitable Policy Response
- ☐ (C) A failure to transition, based on a 4°C or higher scenario
- ☐ (D) Other climate scenario, specify:
- ☒ (E) We do not use scenario analysis to assess climate-related investment risks and opportunities

## Risk management

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 34	PLUS	ISP 30	N/A	PUBLIC	Risk management	General

Which risk management processes do you have in place to identify and assess climate-related risks?

- ☐ (A) Internal carbon pricing. Describe:
- ☐ (B) Hot spot analysis. Describe:
- ☐ (C) Sensitivity analysis. Describe:
- ☒ (D) TCFD reporting requirements on external investment managers where we have externally managed assets. Describe:
- ☐ (E) TCFD reporting requirements on companies. Describe:
- ☐ (F) Other risk management processes in place, please describe:
- ☐ (G) We do not have any risk management processes in place to identify and assess climate-related risks

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 35	PLUS	Multiple, see guidance	N/A	PUBLIC	Risk management	General

In which investment processes do you track and manage climate-related risks?

- ☒ (A) In our engagements with investee entities, and/or in engagements conducted on our behalf by service providers and/or external managers. Describe:
  - Material climate change and environmental risks are raised in meetings with investee company management.
- ☐ (B) In (proxy) voting conducted by us, and/or on our behalf by service providers and/or external managers. Describe:
- ☐ (E) In the asset class benchmark selection process. Describe:
- ☐ (F) In our financial analysis process. Describe:
- ☐ (G) Other investment process(es). Describe:
- ☐ (H) We are not tracking and managing climate-related risks in specific investment processes

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 36	PLUS	N/A	N/A	PUBLIC	Risk management	General

**How are the processes for identifying, assessing and managing climate-related risks incorporated into your organisation's overall risk management?**

☐ (A) The risk committee or the equivalent function is formally responsible for identifying, assessing and managing climate risks. Describe:

☒ (B) Climate risks are incorporated into traditional risks (e.g. credit risk, market risk, liquidity risk or operational risk).

Describe:

We recognize that ESG considerations, such as a company's board structure, environmental practices, or labour policies, can affect a company's valuation and financial performance. Therefore, our investment professionals incorporate ESG issues into their research and decision-making process.

☐ (C) Climate risks are prioritised based on their relative materiality, as defined by our organisation's materiality analysis. Describe:

☐ (D) Executive remuneration is linked to climate-related KPIs. Describe:

☐ (E) Management remuneration is linked to climate-related KPIs. Describe:

☐ (F) Climate risks are included in the enterprise risk management system. Describe:

☐ (G) Other methods for incorporating climate risks into overall risk management, please describe:

☐ (H) Processes for identifying, assessing and managing climate-related risks are not integrated into our overall risk management

## Metrics and targets: Transition risk

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 38	PLUS	N/A	ISP 38.1	PUBLIC	Metrics and targets: Transition risk	General

**What climate-related metric(s) has your organisation identified for transition risk monitoring and management?**

☒ (A) Total carbon emissions

☐ (B) Carbon footprint

☐ (C) Carbon intensity

☒ (D) Weighted average carbon intensity

☐ (E) Implied temperature warming

☐ (F) Percentage of assets aligned with the EU Taxonomy (or similar taxonomy)

☐ (G) Avoided emissions metrics (real assets)

☐ (H) Other metrics, please specify:

☐ (I) No, we have not identified any climate-related metrics for transition risk monitoring

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 38.1	PLUS	ISP 38	N/A	PUBLIC	Metrics and targets: Transition risk	General

**Provide details about the metric(s) you have identified for transition risk monitoring and management.**

(1) Coverage of AUM		(2) Purpose
(A) Total carbon emissions	(1) for all of our assets	To identify the extent to which companies produce CO2.
(D) Weighted average carbon intensity	(1) for all of our assets	To identify which companies produce the largest CO2 emissions per unit of revenue.
(3) Metric unit		(4) Methodology
(A) Total carbon emissions	Tonnes of CO2	Actual and estimated data sourced from Bloomberg
(D) Weighted average carbon intensity	Weighted average tonnes CO2/millions revenue GBP	Actual and estimated data sourced from Bloomberg
(5) Disclosed value		
(A) Total carbon emissions	Herald Investment Trust: 13105 Herald Worldwide Technology Fund: 569	
(D) Weighted average carbon intensity	Herald Investment Trust: 71.22 Herald Worldwide Technology Fund: 44.61	

## Metrics and targets: Physical risk

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 39	PLUS	N/A	ISP 39.1	PUBLIC	Metrics and targets: Physical risk	General

What climate-related metric(s) has your organisation identified for physical risk monitoring and management?

- ☐ (A) Weather-related operational losses for real assets or the insurance business unit  
☐ (B) Proportion of our property, infrastructure or other alternative asset portfolios in an area subject to flooding, heat stress or water stress  
☐ (C) Other metrics, please specify:  
☐ (D) Other metrics, please specify:  
☒ (E) We have not identified any metrics for physical risk monitoring

## Sustainability outcomes

### Identify sustainability outcomes

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 43	CORE	N/A	Multiple, see guidance	PUBLIC	Identify sustainability outcomes	1

Has your organisation identified the intended and unintended sustainability outcomes from any of its activities?

- ☒ (A) No, we have not identified the sustainability outcomes from our activities  
☐ (B) Yes, we have identified one or more sustainability outcomes from some or all of our activities

# Transparency & Confidence-Building Measures

## Information disclosed – All assets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 49	CORE	N/A	N/A	PUBLIC	Information disclosed – All assets	6

For the majority of your total assets under management, what information about your ESG approach do you (or the external managers/service providers acting on your behalf) include in material shared with clients, beneficiaries and/or the public? The material may be marketing material, information targeted towards existing or prospective clients or information for beneficiaries.

- ☒ (A) A commitment to responsible investment (e.g. that we are a PRI signatory)
- ☒ (B) Industry-specific and asset class-specific standards that we align with (e.g. TCFD, or GRESB for property and infrastructure)
- ☒ (C) Our responsible investment policy (at minimum a summary of our high-level approach)
- ☒ (D) A description of our investment process and how ESG is considered
- ☐ (E) ESG objectives of individual funds
- ☐ (F) Information about the ESG benchmark(s) that we use to measure fund performance
- ☒ (G) Our stewardship approach
- ☐ (H) A description of the ESG criteria applied (e.g. sectors, products, activities, ratings and similar)
- ☐ (I) The thresholds for the ESG criteria applied in our investment decisions or universe construction
- ☒ (J) A list of our main investments and holdings
- ☐ (K) ESG case study/example from existing fund(s)
- ☐ (L) We do not include our approach to ESG in material shared with clients/beneficiaries/the public for the majority of our assets under management

## Client reporting – All assets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 50	CORE	Multiple, see guidance	N/A	PUBLIC	Client reporting – All assets	6

What ESG information is included in your client reporting for the majority of your assets under management?

- ☒ (A) Qualitative ESG analysis, descriptive examples or case studies
- ☐ (B) Quantitative analysis or key performance indicators (KPIs) related to ESG performance
- ☐ (C) Progress on our sustainability outcome objectives
- ☒ (D) Stewardship results
- ☒ (E) Information on ESG incidents where applicable
- ☐ (F) Analysis of ESG contribution to portfolio financial performance
- ☐ (G) We do not include ESG information in client reporting for the majority of our assets under management

## Frequency of client reporting – All assets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 51	CORE	Multiple, see guidance	N/A	PUBLIC	Frequency of client reporting – All assets	6

For the majority of each asset class, how frequently do you report ESG-related information to your clients?

(A) Listed equity (3) Annually

(C) Private equity (3) Annually

## Confidence-building measures

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 52	CORE	OO 16.1	Multiple, see guidance	PUBLIC	Confidence-building measures	6

**What verification has your organisation had regarding the information you have provided in your PRI Transparency Report this year?**

- ☐ (A) We received third-party independent assurance of selected processes and/or data related to our responsible investment processes, which resulted in a formal assurance conclusion
- ☐ (B) We conducted a third-party readiness review and are making changes to our internal controls/governance or processes to be able to conduct an external assurance next year
- ☐ (C) The internal audit function team performed an independent audit of selected processes/and or data related to our responsible investment processes reported in this PRI report
- ☒ (D) **Our board, CEO, other C-level equivalent and/or investment committee has signed off on our PRI report**
- ☐ (F) We conducted an external ESG audit of our ESG/sustainability marketed funds or products (excluding ESG/RI certified or labelled assets)
- ☐ (G) We conducted an external ESG audit of our holdings to check that our funds comply with our RI policy (e.g. exclusion list or investee companies in portfolio above certain ESG rating)
- ☐ (H) We conducted an external ESG audit of our holdings as part of risk management, engagement identification or investment decision-making
- ☐ (I) Responses related to our RI practices documented in this report have been internally reviewed before submission to the PRI
- ☐ (J) None of the above

## Listed Equity (LE)



# Pre-investment phase

## Materiality analysis

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 1	CORE	OO 10	LE 1.1	PUBLIC	Materiality analysis	1

Does your organisation have a formal investment process to identify material ESG factors across listed equities?

(3) Active – fundamental

(A) Yes, we have a formal process to identify material ESG factors for all of our assets



(B) Yes, we have a formal process to identify material ESG factors for the majority of our assets



(C) Yes, we have a formal process to identify material ESG factors for a minority of our assets



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



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



Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 1.1	CORE	LE 1	N/A	PUBLIC	Materiality analysis	1

**How does your current investment process incorporate material ESG factors?**

**(3) Active - Fundamental**

(A) The investment process incorporates material governance factors



(B) The investment process incorporates material environmental and social factors



(C) The investment process incorporates material ESG factors beyond our organisation's typical investment time horizon



(D) The investment process incorporates the effect of material ESG factors on revenues and business operations



## Long-term ESG trend analysis

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 2	CORE	OO 10	N/A	PUBLIC	Long-term ESG trend analysis	1

**Do you continuously monitor a list of identified long-term ESG trends related to your listed equity assets?**

**(3) Active – fundamental**

(A) We monitor long-term ESG trends for all assets



(B) We monitor long-term ESG trends for the majority of assets ☐

(C) We monitor long-term ESG trends for a minority of assets ☐

(D) We do not continuously monitor long-term ESG trends in our investment process ☐

## ESG incorporation

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 3	CORE	OO 10	LE 3.1	PUBLIC	ESG incorporation	1

**How does your financial modelling and equity valuation process incorporate material ESG risks?**

**(3) Active – fundamental**

(A) We incorporate governance-related risks into financial modelling and equity valuations ☒

(B) We incorporate environmental and social risks into financial modelling and equity valuations ☒

(C) We incorporate environmental and social risks related to companies' supply chains into financial modelling and equity valuations ☒

(D) ESG risk is incorporated into financial modelling and equity valuations at the discretion of individual investment decision-makers, and we do not track this process ☐

(E) We do not incorporate ESG risks into our financial modelling and equity valuations



Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 3.1	CORE	LE 3	N/A	PUBLIC	ESG incorporation	1

**In what proportion of cases do you incorporate the following material ESG risks into your financial modelling and equity valuation process?**

### (3) Active - Fundamental

(A) We incorporate governance-related risks into financial modelling and equity valuations (1) in all cases

(B) We incorporate environmental and social risks into financial modelling and equity valuations (1) in all cases

(C) We incorporate environmental and social risks related to companies' supply chains into financial modelling and equity valuations (1) in all cases

## Assessing ESG performance

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 4	CORE	OO 10	LE 4.1	PUBLIC	Assessing ESG performance	1

**What information do you incorporate when you assess the ESG performance of companies in your financial modelling and equity valuation process?**

### (3) Active – fundamental

(A) We incorporate information on current performance across a range of ESG metrics ☒

(B) We incorporate information on historical performance across a range of ESG metrics



(C) We incorporate information enabling performance comparison within a selected peer group across a range of ESG metrics



(D) We incorporate information on ESG metrics that may impact or influence future corporate revenues and/or profitability



(E) We do not incorporate ESG factors when assessing the ESG performance of companies in our financial modelling or equity valuation



Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 4.1	CORE	LE 4	N/A	PUBLIC	Assessing ESG performance	1

**In what proportion of cases do you incorporate the following information when assessing the ESG performance of companies in your financial modelling and equity valuation process?**

### (3) Active – fundamental

(A) We incorporate information on current performance across a range of ESG metrics

(1) in all cases

(B) We incorporate information on historical performance across a range of ESG metrics

(1) in all cases

(D) We incorporate information on ESG metrics that may impact or influence future corporate revenues and/or profitability

(1) in all cases

## ESG incorporation in portfolio construction

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 6	CORE	OO 10	LE 6.1	PUBLIC	ESG incorporation in portfolio construction	1

### How do ESG factors influence your portfolio construction?

#### (3) Active – fundamental

(A) The selection of individual assets within our portfolio is influenced by ESG factors



(B) The holding period of individual assets within our portfolio is influenced by ESG factors



(C) The portfolio weighting of individual assets within our portfolio or benchmark is influenced by ESG factors



(D) The allocation of assets across multi-asset portfolios is influenced by ESG factors through the strategic asset allocation process



(E) Other expressions of conviction (please specify below)



(F) The portfolio construction or benchmark selection does not explicitly include the incorporation of ESG factors



Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 6.1	CORE	LE 6	N/A	PUBLIC	ESG incorporation in portfolio construction	1

**In what proportion of cases did ESG factors influence your portfolio construction?**

**(3) Active – fundamental**

(A) The selection of individual assets within our portfolio is influenced by ESG factors (1) in all cases

(B) The holding period of individual assets within our portfolio is influenced by ESG factors (1) in all cases

(C) The portfolio weighting of individual assets within our portfolio or benchmark is influenced by ESG factors (1) in all cases

## Post-investment phase

### ESG risk management

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 9	CORE	OO 10	N/A	PUBLIC	ESG risk management	1

**Do your regular reviews incorporate ESG risks?**

**(3) Active – fundamental**

(A) Our regular reviews include quantitative information on material ESG risks specific to individual listed equities ☒

(B) Our regular reviews include aggregated quantitative information on material ESG risks at a fund level ☒

(C) Our regular reviews only highlight fund holdings where ESG ratings have changed ☐

(D) We do not conduct regular reviews. Risk reviews of ESG factors are conducted at the discretion of the individual fund manager and vary in frequency ☐

(E) We do not conduct reviews ☐

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
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LE 10	CORE	OO 10	N/A	PUBLIC	ESG risk management	1
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**Do you regularly identify and incorporate ESG incidents into the investment process for your listed equity assets?**

**(3) Active – fundamental**

(A) Yes, we have a formal process in place for regularly identifying and incorporating ESG incidents into all of our investment decisions ☒

(B) Yes, we have a formal process in place for regularly identifying and incorporating ESG incidents into the majority of our investment decisions ☐

(C) Yes, we have a formal process in place for regularly identifying and incorporating ESG incidents into a minority of our investment decisions ☐

(D) Yes, we have an ad hoc process in place for identifying and incorporating ESG incidents ☐

(E) Other ☐



(F) We currently do not have a process in place for regularly identifying and incorporating ESG incidents into our investment decision-making

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Performance monitoring

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 11	PLUS	OO 10	N/A	PUBLIC	Performance monitoring	1

Provide an example of an ESG factor that your organisation incorporated into your equity valuation or fund construction and describe how that affected the returns of those assets.

Provide examples below:

(A) Example from your active listed equity: Executives total share based payments.

Reporting/Disclosure

Sharing ESG information with stakeholders

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 14	CORE	OO 10	N/A	PUBLIC	Sharing ESG information with stakeholders	6

What ESG information is covered in your regular reporting to stakeholders such as clients or beneficiaries?

(3) Active – fundamental

(A) Our regular stakeholder reporting includes qualitative examples of engagement and/or ESG incorporation	1) In all of our regular stakeholder reporting
(B) Our regular stakeholder reporting includes quantitative ESG engagement data	1) In all of our regular stakeholder reporting

(C) Our regular stakeholder reporting includes quantitative ESG incorporation data

3) In a minority of our stakeholder reporting

# Stewardship

## Voting policy

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 15	CORE	OO 9 LE	LE 15.1, LE 16	PUBLIC	Voting policy	2

Does your organisation have a publicly available (proxy) voting policy? (The policy may be a standalone policy, part of a stewardship policy or incorporated into a wider RI policy.)

☒ (A) Yes, we have a publicly available (proxy) voting policy Add link(s):

☐ (B) Yes, we have a (proxy) voting policy, but it is not publicly available

☐ (C) No, we do not have a (proxy) voting policy

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 15.1	CORE	OO 9 LE, LE 15	N/A	PUBLIC	Voting policy	2

What percentage of your listed equity assets does your (proxy) voting policy cover?

(A) Actively managed listed equity covered by our voting policy

(12) 100%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 16	CORE	LE 15	N/A	PUBLIC	Voting policy	2

Does your organisation's policy on (proxy) voting cover specific ESG factors?

☒ (A) Our policy includes voting guidelines on specific governance factors Describe:

☐ (B) Our policy includes voting guidelines on specific environmental factors Describe:

☒ (C) Our policy includes voting guidelines on specific social factors Describe:

☐ (D) Our policy is high-level and does not cover specific ESG factors Describe:

## Security lending policy

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 18	CORE	OO 9 LE	LE 18.1, LE 18.2	PUBLIC	Security lending policy	2

Does your organisation have a public policy that states how voting is addressed in your securities lending programme? (The policy may be a standalone guideline or part of a wider RI or stewardship policy.)

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

## Shareholder resolutions

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 19	CORE	OO 9 LE	N/A	PUBLIC	Shareholder resolutions	2

Which of the following best describes your decision-making approach regarding shareholder resolutions, or that of your service provider(s) if decision-making is delegated to them?

- (A) In the majority of cases, we support resolutions that, if passed, are expected to advance progress on the underlying ESG factors or on our stewardship priorities
- (B) In the majority of cases, we support resolutions that, if passed, are expected to advance progress on the underlying ESG factors but only if the investee company has not already committed publicly to the action requested in the proposal
- (C) In the majority of cases, we only support shareholder resolutions as an escalation tactic when other avenues for engagement with the investee company have not achieved sufficient progress
- (D) In the majority of cases, we support the recommendations of investee company management by default
- (E) In the majority of cases, we do not vote on shareholder resolutions

## Pre-declaration of votes

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 20	CORE	OO 9 LE	N/A	PUBLIC	Pre-declaration of votes	2

### How did your organisation or your service provider(s) pre-declare votes prior to AGMs/EGMs?

- ☐ (A) We pre-declared our voting intentions publicly through the PRI's vote declaration system
- ☐ (B) We pre-declared our voting intentions publicly (e.g. through our own website) Link to public disclosure:
- ☐ (C) We pre-declared our voting intentions publicly through the PRI's vote declaration system, including the rationale for our (proxy) voting decisions where we planned to vote against management proposals or abstain
- ☐ (D) We pre-declared our voting intentions publicly, including the rationale for our (proxy) voting decisions where we planned to vote against management proposals or abstain Link to public disclosure:
- ☐ (E) Prior to the AGM/EGM, we privately communicated our voting decision to investee companies in cases where we planned to vote against management proposals or abstain
- ☒ (F) We did not privately or publicly communicate our voting intentions
- ☐ (G) We did not cast any (proxy) votes during the reporting year

## Voting disclosure post AGM/EGM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 21	CORE	OO 9 LE	LE 21.1	PUBLIC	Voting disclosure post AGM/EGM	2

### Do you publicly report your (proxy) voting decisions, or those made on your behalf by your service provider(s), in a central source?

- ☒ (A) Yes, for >95% of (proxy) votes Link:  
<https://heralduk.com/wp-content/uploads/2021/02/Herald-Proxy-Voting-Record-2020.pdf>
- ☐ (B) Yes, for the majority of (proxy) votes Link:
- ☐ (C) Yes, for a minority of (proxy) votes 1) Add link and 2) Explain why you only publicly disclose a minority of (proxy) voting decisions:
- ☐ (D) No, we do not publicly report our (proxy) voting decisions Explain why you do not publicly report your (proxy) voting decisions:

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 21.1	CORE	LE 21	N/A	PUBLIC	Voting disclosure post AGM/EGM	2

**In the majority of cases, how soon after an investee's AGM/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
LE 22	CORE	OO 9 LE	LE 22.1	PUBLIC	Voting disclosure post AGM/EGM	2

**Did your organisation and/or the service provider(s) acting on your behalf communicate the rationale for your voting decisions?**

- ☒ (A) **In cases where we voted against management recommendations or abstained, the rationale was provided privately to the company**
- ☐ (B) In cases where we voted against management recommendations or abstained, the rationale was disclosed publicly
- ☐ (C) In cases where we voted against management recommendations or abstained, we did not communicate the rationale
- ☐ (D) We did not vote against management or abstain

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 22.1	CORE	LE 22	N/A	PUBLIC	Voting disclosure post AGM/EGM	2

**Indicate the proportion of votes where you and/or the service provider(s) acting on your behalf communicated the rationale for your voting decisions.**

(A) In cases where we voted against management recommendations or abstained, the rationale was provided privately to the company

(3) 51–75%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 23	CORE	OO 9 LE	LE 23.1	PUBLIC	Voting disclosure post AGM/EGM	2, 5

Did your organisation and/or the service provider(s) acting on your behalf communicate the rationale for your voting decisions when voting against a shareholder resolution proposed/filed by a PRI signatory?

- ☐ (A) In cases where we voted against a shareholder resolution proposed/filed by a PRI signatory, the rationale was disclosed publicly
- ☒ (B) In cases where we voted against a shareholder resolution proposed/filed by a PRI signatory, the rationale was not disclosed publicly
- ☐ (C) We did not vote against any shareholder resolution proposed/filed by a PRI signatory

## Alignment & effectiveness

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 24	PLUS	OO 9 LE	N/A	PUBLIC	Alignment & effectiveness	2

How are you contributing to the integrity of the end-to-end voting chain and confirmation process?

Voting decisions are made by investment managers and reflect all the knowledge they have on the industry, company and management as well as incorporating input from specialist information sources. We vote the vast majority of our clients' shares by proxy using the ISS voting system, which relays proxy votes on to Broadridge, though in exceptional circumstances we will attend meetings where we have large holdings and there is a contentious issue and where attendance in person rather than voting by proxy is in our clients' best interests.