



Sustainable investment labels help investors find products that have a specific sustainability goal. This product does not have a UK sustainable investment label because whilst sustainability is integrated in the investment process, the Fund does not currently have a specific sustainability goal.

Sustainability Approach

The Unicorn UK Smaller Companies Fund aims to achieve long term capital growth by investing primarily in UK companies included within the UK Numis Smaller Companies plus AIM Index. UK companies are defined as those which are incorporated or domiciled in the UK, or have a significant part of their operations in the UK.

The Fund applies the firmwide Environmental, Social, Governance (“ESG”) evaluation and assessment of stocks selection (the Core Unicorn Investment Process), which is integrated throughout the investment process.

- **Evaluate:** robust analysis of all financially relevant and material ESG data (quantitative and qualitative), on an individual company basis
- **Engage:** active engagement including regular meetings with senior management, site visits, and active voting. Unicorn benefits from strong corporate access enabling ongoing dialogue with investee companies

 Types of Companies we will invest in	 Types of Companies we will not invest in
<p><i>Unicorn seeks to invest in companies that demonstrate a strong commitment in the following areas:</i></p> <p>Corporate governance themes</p> <ul style="list-style-type: none"> • Accountability and transparency • Ethical behaviour and integrity • Stakeholder engagement • Financial stewardship <p><i>Unicorn also seek to invest in companies which align with any of the following themes:</i></p> <p>Social themes</p> <ul style="list-style-type: none"> • Social equity and inclusion • Community engagement • Health and wellness • Education and skills development <p>Environmental themes</p> <ul style="list-style-type: none"> • Cleaner energy • Environmental services • Resource efficiency 	<p><i>Harmful or detrimental characteristics impacting long term business model sustainability. Examples include but are not limited to:</i></p> <ul style="list-style-type: none"> • Operations deemed to have a negative societal impact: child labour, adult entertainment, tobacco, gambling, private prisons, fossil fuel, weapons, palm oil • Corporate governance issues: corruption, bribery, anti-competition behaviour • ESG controversies: environmental litigation claims • Risk management concerns: climate, cyber security, reputational, geopolitical • Controversial weapons exposure • Human rights violations

Sustainability Metrics

The table below presents the ESG data considerations we conduct for each individual company when assessing sustainability of the business model and operations.

Sustainability Review Areas	Governance Review Areas
<p>Environmental:</p> <ul style="list-style-type: none"> Systemic climate risk management (<i>Scope 1-3 emissions, transition strategy disclosure, climate resilience investment</i>) Energy efficiency (<i>greenhouse gas emissions, carbon intensity</i>) Waste efficiency (<i>total waste generated, recycling rates</i>) Water efficiency (<i>water use, recycling rates, wastewater management</i>) Environmental standards accreditation (<i>ISO 14001</i>) Supply chain management (<i>% suppliers audited</i>) Materials sourcing & efficiency (<i>% materials sourced from Certified or Responsible Suppliers</i>) Non-compliance with environmental standards (<i>environmental litigation claims</i>) <p>Social:</p> <ul style="list-style-type: none"> Labour practices (<i>employee turnover, employee engagement</i>) Diversity and inclusion (<i>racial and gender diversity in the workforce</i>) Customer privacy (<i>customer privacy breaches</i>) Data security (<i>data security breaches</i>) Product quality (<i>product recalls, penalties due to product safety issues</i>) Health and safety (<i>Lost time injury frequency rate LTIFR, Total recordable incident rate, TRIR</i>) 	<ul style="list-style-type: none"> Business ethics (<i>failures of professional integrity, such as bribery & corruption</i>) Political activity (<i>lobby and political contributions</i>) Remuneration (<i>disclosure of executive performance conditions and pay targets, ESG linked LTIPs</i>) Charity & community activity (<i>community engagement activities</i>) Risk management processes (<i>disclosure of key policies e.g. labour/modern slavery/health and safety/environmental/governance/sustainability policies</i>) Regulatory compliance (<i>non-compliance incidents, penalties paid</i>) Control frameworks (<i>Board composition & independence, board committees e.g. Remuneration/Risk/ESG/Audit</i>) Financial reporting (<i>financial reporting standards compliance, ESG risk disclosure</i>) Audit (<i>external auditor independence, non-audit fee as a % of total audit and audit related fee</i>)

* Further details can be evidenced on request

Further details:

Unicorn is a signatory of both the UN Principles of Responsible Initiatives (UN PRI) and Net Zero Asset Managers Initiative (NZAMI).

- To access other relevant sustainability information see our responsible investment page on the company website: <https://www.unicornam.com/responsible-investment/>
- To access other relevant non-sustainability information see our Ethical Income Fund page on the company website: <https://www.unicornam.com/uk-ethical-income/>
- ISIN codes are available from the Fund’s factsheet here: <https://www.unicornam.com/uk-ethical-income/>

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