

Unicorn
Investing with conviction



Sustainability and Stewardship Report

For the 12-month period ended 31 December 2022



About Unicorn Asset Management

Unicorn is an active investment manager established in 2000, based in the historic Charterhouse, a relative oasis in the City of London, with well over 150 years' collective investment experience. Our goal is to provide long-term investment returns for our clients whilst playing our role in the transition to a more sustainable world.

We believe a committed approach to sustainability from management teams is a leading indicator of long-term value creation within investee companies. This extends beyond our investment philosophy to Unicorn Asset Management as a company. Unicorn is dedicated to managing the business in a responsible way which can have a positive impact for our staff, stakeholders and the world in which we live.



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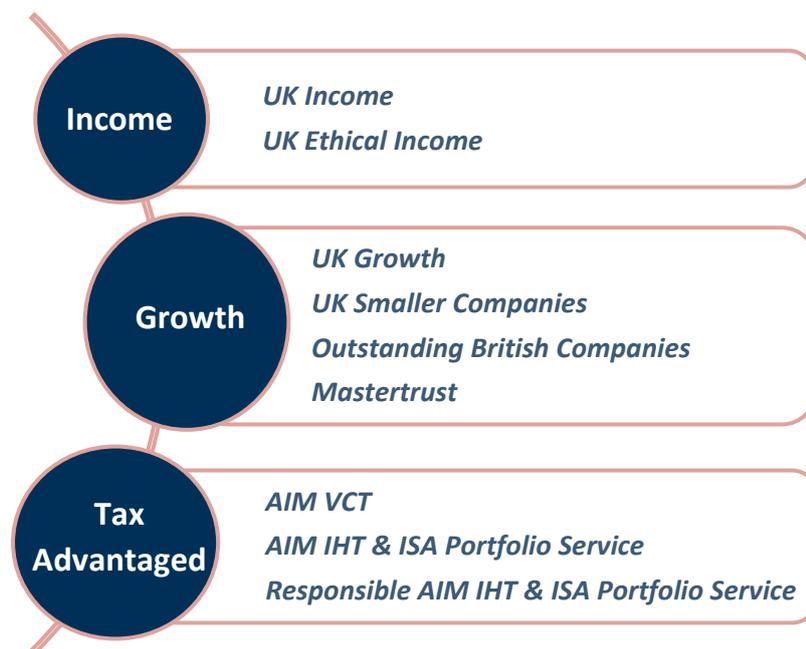
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I. What we do

Unicorn offers a range of specialist and outcome-oriented strategies within UK Equity investing via a collection of actively managed funds by teams with distinct investment skillsets and a structural bias towards the opportunity in small and mid-sized companies.

Our investment approach is high conviction, with fundamental, bottom-up research and analysis is conducted in house and portfolios built sustainably for the long term. Our expectation is that we will hold stakes in our investee companies for several years. The decision to invest is like that of an owner-manager's business decision to participate in a quality business franchise.



As meaningful long-term shareholders, Unicorn's investment team therefore tends to benefit from excellent corporate access to the senior management teams and Boards of our investee companies. This privileged corporate access provides a strong platform for engagement with management, through ongoing dialogue and active voting.

ESG considerations remain a key priority and are an integral part of our investment appraisal. Implementation of robust ESG due diligence enables a more holistic mapping of material issues, enhancing decision-making from the outset. Businesses that act with a keen eye on ESG considerations will, in doing so, create meaningful value for the future.



II. Process

Unicorn's disciplined investment process seeks to identify the risks associated with any potential investment and identify the factors that may impact long-term returns. The assessment of ESG factors is integral to this framework and helps to provide a holistic understanding of a business.

The three areas of focus for our ESG analysis relate to the environmental and social impact of any business's activity, and the manner in which a business is managed. Together, these factors are known as Environmental, Social and Corporate Governance ('ESG'). We define these factors as follows:

Environmental: *How does a company interact with the physical environment? Considerations include, but are not limited to; climate change, natural resources, carbon emissions, air and water pollution.*

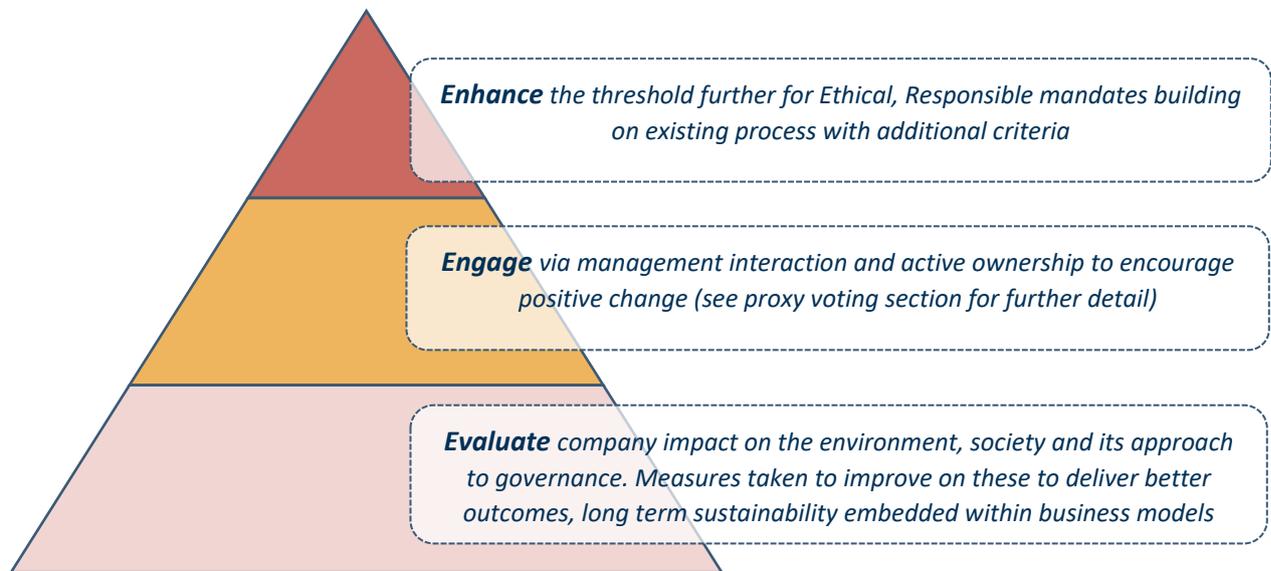
Social: *How does a company interact with society? Considerations include, but are not limited to; human rights, health and safety issues, labour standards, customer and supplier relationships and competitive practices.*

Governance: *How is the company run? Considerations include, but are not limited to; transparency, ownership, board independence, ethics, diversity and executive compensation*

Our integrated approach to ESG, places responsibility for ESG analysis onto Unicorn's investment team. The application of and adherence to the policy is overseen by the firm's ESG Officer and ESG Analyst who report to Unicorn's ESG Committee, however, it is crucial to note that the ESG credentials are not seen as separate from the "investment case".

If an investee becomes incompatible with the firm's ESG philosophy, the relevant Investment Manager will be expected to disinvest, and will aim to sell that holding within 90 days of being made aware of the information.

The practice of evaluating a company's ESG credentials is highly subjective and constantly evolving. The simplest way to understand UAMs ESG approach across funds is as two distinct activities: Evaluate and Engage. This process is then enhanced with additional criteria for specific Responsible, Ethical or Impact strategies and for segregated mandates where required.



Evaluate

As part of the detailed investment appraisal, ESG factors are considered for all potential investments prior to an introduction to any portfolio. This review aims to prohibit investment in any company which is deemed to have inadequate considerations towards long-term business model sustainability.

Further examination more specifically regarding a company's harmful or detrimental characteristics both within a sector context and more broadly is then undertaken. This offers a more holistic mapping of material issues, enhancing decision-making from the outset. Examples include:

Operational Environmental and Ecosystem Damage

Negative Societal Impact

Corruption

ESG controversies or areas of strength/weakness

The review covers the following areas:

Environmental policies and considerations

Labour/Human Rights/ Health & Safety policies

Sustainability policies

Corporate governance policies and management behaviour

Each of the above areas are reviewed and the integration of these policies into tangible KPIs is sought. Any issues identified are further discussed with the company management teams. Companies are also encouraged to improve disclosure and reporting where appropriate.

The identification of any significant controversies, or evidence of poor ESG practices, will take precedence over other financial and investment considerations and will be scored a "Fail", which will result in the exclusion of that potential investment from any of Unicorn's Funds.



Engage

Engagement is a key component of our investment process and ongoing investment appraisal. We hold regular, typically biannual, meetings with investee company management teams in order to discuss their strategic and operational approach. These meetings also provide a platform to discuss any governance structure and/or ESG issues where necessary. These are then recorded and the progress against such issues are monitored on an ongoing basis.

Company site visits are an important part of the investment process and allow the investment team to further scrutinise the ESG practices of investee companies. We aim to visit as many of our investee companies as possible. Another mechanism of engagement is the exercising of voting rights. Unicorn actively votes on all resolutions and challenges management by voting against recommendations, on issues which are inconsistent with our ESG expectations or where we believe it could be to the detriment of the interests of our underlying investors. The firm's voting records are available on the firm's website. *The firm's SRD annual disclosures are further outlined in Section VII.*

Enhance

Additional criteria are considered for specific *Ethical* and *Responsible* products and for segregated mandates where requested. To learn more about the additional company scrutiny for the Unicorn UK Ethical Income Fund and Responsible AIM IHT & ISA portfolio services, please refer to [Unicorn's UK Ethical Income Fund Responsible Investment Policy](#).

Additionally, in line with both the Ottawa Treaty and the Oslo Convention, Unicorn fully supports the international conventions on cluster munitions and controversial weapons including anti-personnel mines, cluster munitions and chemical & biological weapons. In line with our approach to responsible investment and our commitment to the UN PRI, we will not knowingly invest in any company that derives revenues from, or provides funding for, cluster munitions or controversial weapons – this exclusion parameter is imposed in relation to all of Unicorn's Funds or Mandates.



Stock Lending

Unicorn does not participate in stock lending.

Proprietary Research

Investment research is performed in house, which has been the case since the inception of Unicorn Asset Management in 2000. This approach demands thorough due diligence of all investments, which fosters an in depth understanding of company business models from an operational, financial and ESG perspective. This is especially important when investing in smaller companies where relevant information is often less readily available. Regular meetings with company management teams form an integral part of the proprietary appraisal of investments.

Third Party Providers

Specialist providers of ESG services may be utilised to provide independent analysis of Unicorn's investee companies. We are though mindful of the limitations of third-party providers, both in terms of coverage and in terms of detailed understanding of company business models. The quality and breadth of coverage and understanding is particularly inconsistent further down the market cap scale. For these reasons, ESG research produced by third parties is only used as an indicative guide, and to inform, support and challenge our internal ESG assessment of a company. We work proactively with third party providers, often sharing our expertise to help inform and improve their assessment of companies that do not form part of their standard ESG coverage.

Corporate Governance

Unicorn invests in UK Companies and actively targets investment in those companies that employ strong corporate governance practices. Unicorn is committed to exercising responsible ownership. Our conviction is that companies which adopt best practice in corporate governance, will be more successful in their core activities and deliver enhanced returns for shareholders over the long term.

Corporate governance is the system by which companies are directed and controlled. Boards of directors are responsible for the governance of their companies. The shareholders' role in governance is to appoint the directors and the auditors and to satisfy themselves that an appropriate governance structure is in place. The responsibilities of the board include setting the company's strategic aims, providing the leadership to put them into effect, supervising the management of the business and reporting to shareholders on their stewardship. The board's actions are subject to laws, regulations and the shareholders in general meetings.



Unicorn undertakes a detailed and thorough assessment of all companies we invest in as part of our investment and due diligence process. Our research focusses on both quantitative and qualitative elements. This will include an assessment of the following:

Ownership

- The ownership structure of the firm
- The interests of the owners and whether they are aligned with shareholders' interests
- Its product or service offering and the perceived quality in the market place
- Any associated ethical issues with the product or service

Board arrangements

- Board composition and the division of responsibilities of Board members to ensure there is independent challenge provided by Non-Executive Directors
- The Companies process for Board evaluation and disclosure of the outcomes from evaluations
- The entrepreneurial leadership of the Company
- The remuneration policy and arrangements for disclosure
- Conflicts of interest and other outside interests
- Policy for election and re-election of Board members
- Board Committees and responsibilities

Risk Management

- The principal risks the Board is willing to take to meet its strategic objectives
- The risk management framework in place and internal control systems
- The internal and external audit arrangements in place

Voting

Unicorn recognises that it has a duty to act in the best interests of its clients. Therefore, this voting policy is designed to protect and enhance shareholders' long-term economic interests. All voting decisions are undertaken in-house and in accordance with corporate governance guidelines.

Share interests carry ownership rights and responsibilities. It is an overriding principle of Unicorn's engagement with investee companies combined with its responsibility to maximise returns for the funds that it manages that it exercises its right to vote at meetings.



Unicorn invests in companies because it believes in the ability of management to deliver returns to the shareholders and therefore votes are generally cast in line with management proposals.

However, it is the responsibility of fund managers to review meetings and resolutions on a case by case basis to ensure that:

- *Resolutions adhere to the investment objectives and policy of the relevant fund and*
- *Due consideration has been given to any conflicts of interest that might arise from the exercise of voting rights*

It is the policy of Unicorn to seek to vote all shares held at all meetings, except where there are onerous restrictions e.g. where trading is restricted prior to a meeting in shares committed to vote (share blocking), where Unicorn has determined this would be disadvantageous.

We use an external proxy-research and vote-execution service provided by Institutional Shareholder Services (ISS). ISS delivers its benchmark research and Unicorn's custom policy research based on our internal voting policy; we take these into consideration when making a vote decision in the best interest of shareholders (which may differ from ISS recommendations).

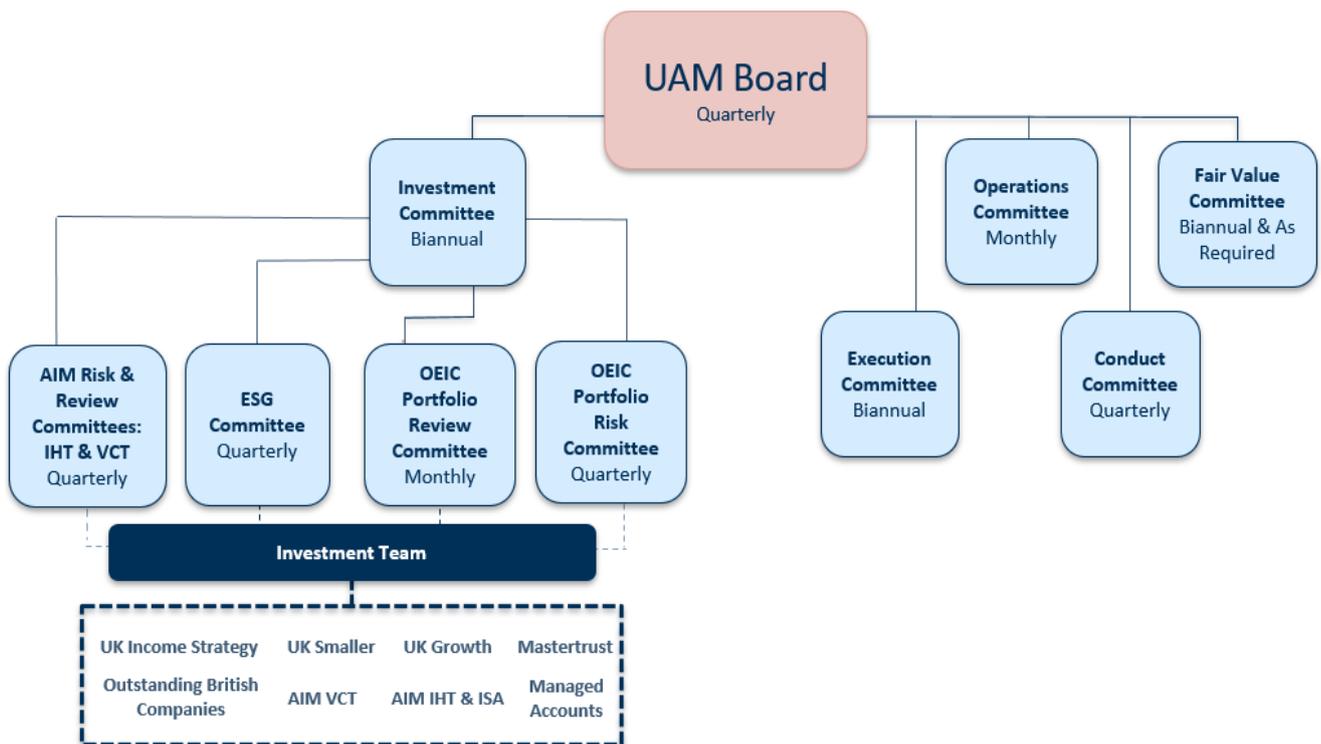


III. Responsibility and Oversight

Unicorn’s approach to responsible investing is fully embraced by its Board of Directors, who act as the Firm’s governing body. Consideration toward ESG factors have long formed part of Unicorn’s investment philosophy and this approach is applied across the business, considering the differing needs and practicalities of each strategy. The ESG process is implemented by the group’s ESG Officer and ESG Analyst and is overseen by the ESG Committee.

The ESG Committee comprises:

- ESG Officer*
- ESG Analyst*
- Director of Operations*
- Risk Officer*
- Further members of the investment team*
- Compliance Officer*



Adherence to the Firm’s ESG investing and stewardship approach is assessed as part of the firm’s Compliance Monitoring Programme undertaken by our Compliance Officer.

All staff members understand and are supportive of Unicorn’s commitment to responsible investing.

All company policies and procedures are reviewed on an annual basis.



IV. Accountability Mechanisms

The ESG team produces a quarterly ESG report detailing interactions with the management teams of investee companies and providing a record of Unicorn's voting history and any other notable ESG engagements. The report and meeting minutes are then circulated and discussed by the Investment Committee, as a formal agenda item. Any required actions arising from the ESG Committee meetings are implemented as soon as is practicable. The ESG Committee formally reviews and updates Unicorn's ESG policy on at least an annual basis, for formal sign off by the Investment Committee.

United Nations Principles of Responsible Investment

Unicorn is a signatory of the United Nations Principles of Responsible Investment (UN PRI) and seeks to adhere to the six principles, which are to:

1. Incorporate environmental, social and governance (ESG) issues into investment analysis and decision-making processes

How we adhere:

- Integrated firmwide ESG approach, places the responsibility for ESG evaluation and assessment onto Unicorn's investment team – ESG integration remains an integral part of the investment process. Companies which fail this assessment are precluded from investment or disinvested (*Evaluate & Engage*)
- Additional screening criteria and increased prudence is applied to explicitly Responsible & Ethical portfolios (*Enhance*)

2. Be active owners and incorporate ESG issues into our ownership policies and practices

How we adhere:

- Engage directly with the Senior Management and Board of Directors of investee companies through regular meetings and other channels of corporate access
- Actively vote on all resolutions

3. Seek appropriate disclosure on ESG issues by the entities in which we invest

How we adhere:

- Assess the ESG framework and disclosure of a company prior to investment and on an ongoing basis
- Encourage investee companies to improve disclosure where necessary

4. Promote acceptance and implementation of the Principles within the investment industry

How we adhere:

- Attend and participate in industry events, which promote sustainable and responsible investment
- Engage with third party ratings agencies sharing knowledge and understanding of investee companies



5. Work together to enhance our effectiveness in implementing the Principles

How we adhere:

- Internal ESG Officer and ESG Analyst provide oversight of ESG issues and maintain the relevance of the firm’s approach
- Continue to review and improve our approach where necessary

6. Report on our activities and progress towards implementing the Principles

How we adhere:

- Quarterly formal ESG Report produced and discussed at ESG Committee meetings (independent and separate from the Portfolio Review Committee)
- ESG findings are reviewed and challenged at board level
- The firm’s voting records are available on the firm’s website. *The firm’s SRD annual disclosures are further outlined in Section VII.*

Net Zero Asset Managers Initiative

Unicorn is a signatory of the *Net Zero Asset Managers Initiative (NZAMI)*, an international group of asset managers committed to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5 degrees Celsius; and to support investing aligned with net zero missions by 2050 or sooner. As of 30 June 2023, the initiative holds more than 315 signatories with USD 59 trillion in AuM.

- *Initial target:* By 2030, 50% of total AuM across our open-ended funds* is committed to be managed in line with net zero (meeting the criteria to be considered aligned with Net Zero by 2050, *IEA 2050 Net Zero Scenario*)
- *Baseline year performance for the target metric(s):* The assets under management currently meeting the criteria to be considered aligned to net zero represent 26% of total assets (baseline year 2021)
- *Additional information:* Scope 1 and 2 are the current basis for the targets.**

	4Q22	1Q23	2Q23
Aligned ahead of 2050	31%	34%	34%
Aligned with 2050	56%	58%	59%
Aligning	13%	13%	13%
Not Aligned	30%	29%	27%

*Across our open-ended fund range, excluding Mastertrust

** In our view, Scope 3 data coverage is not yet sufficient, but we intend to include Scope 3 over time



V. Risk Management

Unicorn Asset Management defines risk as any factor that could impede the organisation from achieving its long-term business objectives, complying with legal or regulatory obligations, jeopardising potential opportunities, compromising our commitment to customer best interests, or resulting in unfavourable investor outcomes.

Our risk management framework is deliberately structured to proactively identify critical risks and strategically determine the most effective course of action for controlling or mitigating them. The process consists of five primary steps: firstly, identifying the risks at hand; secondly, assessing their potential impact and likelihood; thirdly, making informed decisions on appropriate approaches to control or mitigate the identified risks in order to reduce or eliminate their potential impact or likelihood; and finally, closely monitoring and comprehensively reporting on the effective management of these risks.



The risks that have been identified, along with their corresponding risk ratings, controls, and actions, are meticulously recorded in the Risk Register. This allows a comprehensive overview of the most significant risks faced by Unicorn Asset Management, which can then be evaluated in alignment with the organisation's risk appetite. Consequently, it becomes possible to ascertain whether further measures are necessary to effectively mitigate these risks.



Continuous and regular monitoring of the identified risks is imperative to evaluate the efficacy of the risk identification, measurement, and management processes. This ongoing assessment allows for a clear understanding of whether the level and severity of risk are trending upward or downward.

The Board of Unicorn Asset Management plays a pivotal role in shaping the organisation's risk culture. This culture encompasses the collective awareness, attitudes, and behaviours of all employees with regard to risk management. The Board is committed to ensuring that appropriate resources and importance are allocated to risk management initiatives. They actively promote a positive and risk-aware culture among managers, which then filters throughout the entire staff. Each staff member is made aware of their responsibility in risk management, regardless of their role, as it remains integral to the day-to-day operations of the organisation, even as a smaller firm.

Unicorn Asset Management identifies and responds to market-wide and systemic risks by conducting thorough analysis of market trends and monitoring various economic indicators. Through the annual Individual Capital Adequacy and Risk Assessment (“ICARA”) UAM has been able to identify any systemic and market-wide risks to which it, its clients or the market may be exposed because of the activities it undertakes and to assess whether and to what extent the firm may be required to hold additional capital to mitigate the impact of any risks identified. The process seeks to ensure that the firm can remain financially viable throughout the economic cycle and is able to address potential material harms that result from our activities and to ensure that the firm is able to conduct an orderly wind down whilst minimising harm to our clients or other market participants.

At Unicorn, we understand the importance of diversification in protecting our clients' investments against market-wide risks. That's why our portfolios are carefully constructed to ensure a balanced and resilient approach. Furthermore, we work closely with other industry participants such as trade associations, contributing to the enhancement of industry best practice and regulatory engagement to promote a well-functioning financial system. By staying informed and taking proactive measures, we at Unicorn are committed to safeguarding our clients' investments and contributing to the overall stability of the financial system.



VI. Our engagement approach

Active Ownership

Our engagement approach is driven by our investment philosophy for the long-term value creation of our clients' assets that have been entrusted to us. We are active (not passive or activist) investors. Unicorn defines engagement as any dialogue with purpose with those in a position to resolve an issue, usually the board and executives. Unicorn's targeted approach across all of the funds focuses on two key areas:

Strategic engagement where we can have tangible influence, focusing primarily on further embedding sustainability into investee companies' business models, developing credible decarbonisation agendas, formalising reporting standards and managing any strategic or operational issues.

General engagements with investee companies on a regular basis, typically biannual, meetings with investee company management teams, face to face meetings or calls with management, in order to discuss their strategic and operational approach. These meetings, or site visits, also provide a platform to discuss any governance structure and/or ESG issues where necessary.

Unicorn has an internal database accessible to all staff, which records all engagement interactions, progress, and outcomes. During 2022, we took part in 214 engagements. The majority of our engagements initiated were following matters identified in our fundamental investment and voting analysis.

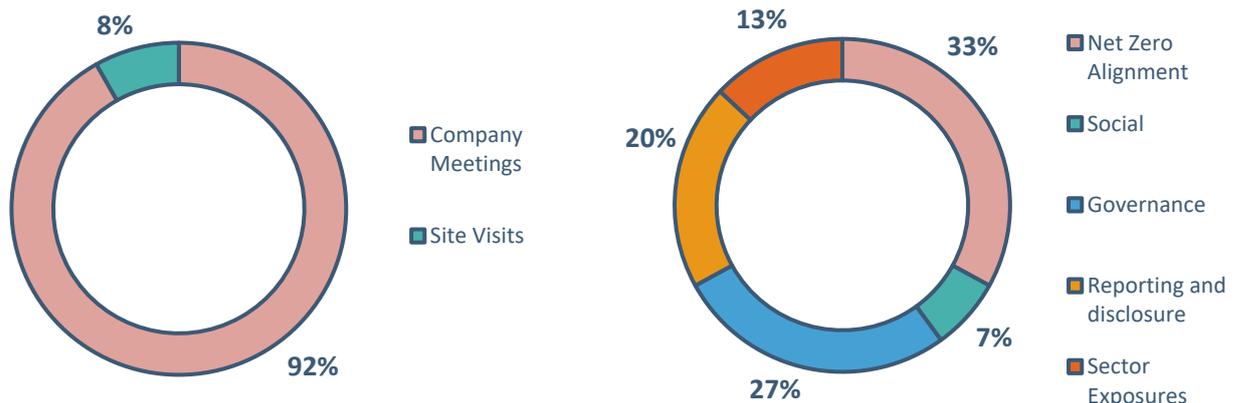
195

General engagements

34

Strategic engagements

Engagement by category





Collaboration

We do not typically collaborate with other investors as part of an engagement strategy but will do so if we deem necessary in order to serve the best interests of our clients.

Engagement escalation

In general terms, we give management and boards time to adequately respond to our questions before voting on critical issues. Repeated instances where engagement is ineffective or companies are not committed to change, we may choose to disinvest at last resort.

Recent Case Studies

Tracsis

- **ISSUE:** ESG framework development discussion with the Company, to ensure improved accreditation for their strong ESG credentials and improve alignment with sustainability disclosure standards.
- **ACTION:** Unicorn highlighted key areas of focus: climate stability, employee diversity and inclusion, data security and customer privacy. Unicorn also shared a sustainability disclosure questionnaire for the Company to guide on best practice for formalising reporting standards to align with the Sustainability Accounting Standards Board (SASB) framework.
- **OUTCOME:** Unicorn had two subsequent meetings with senior management (either the CEO or CFO) to monitor progression which saw the Group establish an internal ESG committee and improve disclosure regarding material key performance indicators for their sub sector, as defined by the SASB framework and are taking steps to be fully compliant for the financial year 2022-23 reporting.

Gooch & Housego

- **ISSUE:** Company already well position in regard to ESG reporting and disclosure; further discussion regarding Net Zero strategy or credible decarbonisation strategy.
- **ACTION:** Unicorn had a call with CEO & CFO to discuss net zero targets.
- **OUTCOME:** The Group is aiming for Carbon Neutral 2035 and was approved by the Board and announced formally in latest company annual report.



H&T Group

- **ISSUE:** Unicorn was considering entering a position in H&T Group, which offers pawnbroking services. Historically, the pawnbroking sector has been exposed to greater societal risk regarding the potential exploitation of a more financially vulnerable demographic. The investment team needed to get comfortable the following ESG risks were adequately managed:
 - *Criminality risks:* No clear AML processes or safeguarding in place – pawnbrokers may be at risk of being exploited for criminal purposes, whether being offered stolen goods or in an attempt to launder money.
 - *Transparency risks:* Customers may not be aware of the absence of equivalent consumer protections when entering into unregulated agreements ('sale and buy back') or where agreements are regulated differently (peer-to-peer lending).
- **ACTION:** having not historically invested in this sector, we made sure to conduct an in-depth review of the business model and the wider regulatory developments within the industry – our internal assessment including making it a formal agenda item at the quarterly ESG meeting which was further supported by face-to-face meetings with the CEO and a company site visit.
- **OUTCOME:** the fund managers felt comfortable following this due diligence that the Group had sufficient risk management systems and controls in place to mitigate any such risks. The stock was subsequently added to our portfolio.

Londonmetric Property

- **ISSUE:** Unicorn required an update regarding proposed amendment to remuneration structures for Executive Directors of LondonMetric Property plc.
- **ACTION:** increase in total incentive opportunity, introduction of a deferred share bonus arrangement to ensure short term decisions flow through to long term value creation, appropriate mechanisms for operating malus and clawback, additional of ESG measures and more stringent ESG targets into remuneration considerations.
- **OUTCOME:** Unicorn reviewed all outlined proposals and voted in favour with management, concluding it appeared to have been appropriately amended to better reflect current market practices, investor preferences, the regulatory environment, and some changes to the strategy of the Company since 2013. Greater emphasis is being placed on more competitive senior management remuneration more heavily linking performance to sustainable long term value creation.



VII. Our proxy voting approach

Unicorn will, to the extent we are authorised by our clients to do so, exercise proxy votes at all shareholder meetings. We regard proxy voting as a means to bring about change. It is important to note, that Unicorn acts as an agent on behalf of its clients and is not the beneficial owner of the investee company's shares. Voting decisions are made by our Fund Managers and are based on their knowledge, and research of, the investee company concerned. In addition, the management teams of our investee companies are also interrogated with regard to their approach to ESG matters.

Where contentious issues arise in relation to Shareholder Resolutions at company meetings, Unicorn will usually contact the management of the investee company in order to exchange views and give management teams the opportunity to articulate their position.

The long-term nature of the relationships that we develop with the Boards and senior management of investee companies typically enable us to resolve any concerns that we may have over strategy, the management of risk or governance practices. However, in the event of an unsatisfactory explanation of contentious issues, Unicorn will vote against the recommended proposals put forward by the investee company Board.

Unicorn's proxy voting history is available on the company website. Unicorn's approach to proxy voting is set out in detail in [Unicorn Asset Management's Voting Policy document](#).

Key proxy voting figures

100%

Of meetings voted at

272

Of meetings voted at

27%

With at least 1 vote not in favour

3,193

Proposals

Source: Unicorn Asset Management, ISS Proxy Exchange. Data is for the 12 months ended 31 December 2022



Managing conflicts of interest

Unicorn has implemented conflicts of interest procedures to ensure the appropriate handling of proxy voting decisions where there is a potential conflict of interest. The guiding principle of Unicorn's conflicts of interest policy is simple: – to exercise our right to vote in the best interests of the clients on whose behalf we are managing funds. The key steps in this process include the prior identification of potential conflicts, cross-reference against any available third-party proxy voting recommendations and record-keeping of the voting rationale.

Proxy Advisor

We use an external proxy-research and vote-execution service provided by Institutional Shareholder Services (ISS). ISS delivers its benchmark research and Unicorn's custom policy research based on our internal voting policy; we take these into consideration when making a vote decision in the best interest of shareholders (which may differ from ISS recommendations).

Unicorn's significant votes

We have provided a summary of our most significant votes over the period, including rationales for our voting decision, as per the Shareholder Rights Directive II ("SRDII") requirements. Unicorn describes the following significant: material holdings where we hold greater than five percent of issued equity for a company; those of a thematic nature (e.g., climate change); items that have a material impact on shareholder value; and significant corporate transactions that may have a material impact on future company performance, for example approval of a merger.



Unicorn's most significant votes

Company Name	Meeting Date	Meeting Type	Qualification
<i>Hardide Plc</i>	11-Mar-22	Annual	Statutory Reporting
<i>Hardide Plc</i>	11-Mar-22	Annual	Equity Issue
<i>Epwin Group Plc</i>	24-May-22	Annual	Statutory Reporting
<i>Destiny Pharma Plc</i>	27-May-22	Annual	Director Election
<i>Destiny Pharma Plc</i>	27-May-22	Annual	Equity Issue
<i>Somero Enterprises, Inc.</i>	14-Jun-22	Annual	Remuneration
<i>Dillistone Group Plc</i>	15-Jun-22	Annual	Statutory Reporting
<i>Dillistone Group Plc</i>	15-Jun-22	Annual	Director Election
<i>Dillistone Group Plc</i>	15-Jun-22	Annual	Equity Issue
<i>Dillistone Group Plc</i>	15-Jun-22	Annual	Authorise Market Purchase of Ordinary Shares
<i>ENGAGE XR Holdings Plc</i>	16-Jun-22	Annual	Director Election
<i>ENGAGE XR Holdings Plc</i>	16-Jun-22	Annual	Equity Issue
<i>Verici Dx Plc</i>	27-Jun-22	Annual	Equity Issue
<i>Microsaic Systems Plc</i>	30-Jun-22	Annual	Statutory Reporting
<i>Microsaic Systems Plc</i>	30-Jun-22	Annual	Director Election
<i>Microsaic Systems Plc</i>	30-Jun-22	Annual	Equity Issue
<i>ECSC Group Plc</i>	30-Jun-22	Annual	Director Election
<i>Surface Transforms Plc</i>	30-Jun-22	Annual	Statutory Reporting
<i>Surface Transforms Plc</i>	30-Jun-22	Annual	Director Election
<i>Castings PLC</i>	16-Aug-22	Annual	Director Election
<i>Castings PLC</i>	16-Aug-22	Annual	Remuneration
<i>Smoove Plc</i>	27-Sep-22	Annual	Director Election
<i>PHSC Plc</i>	29-Sep-22	Annual	Statutory Reporting
<i>PHSC Plc</i>	29-Sep-22	Annual	Equity Issue
<i>Feedback Plc</i>	13-Oct-22	Annual	Remuneration
<i>Feedback Plc</i>	13-Oct-22	Annual	Director Election

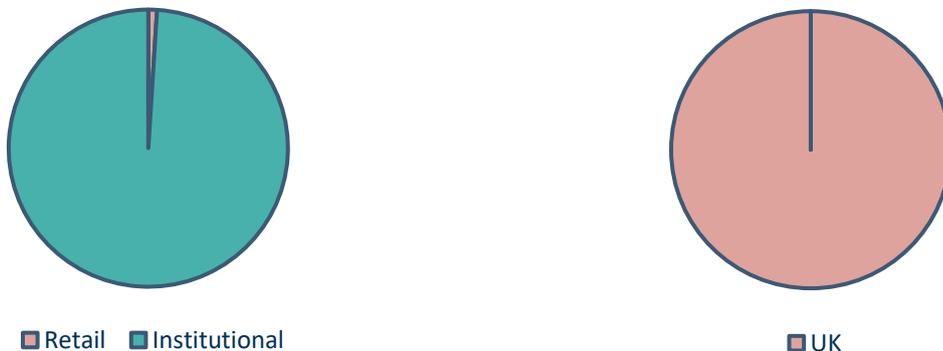


VIII. Client and beneficiary needs

As institutional investors, we have a duty to act in the best long-term interests of our beneficiaries. In this fiduciary role, Unicorn believes that ESG issues can impact portfolio investment performance and seek to apply the following principles outlined by the PRI to better align investors with broader objectives of society.

- *Incorporation of ESG issues into investment analysis and the decision-making process (as outlined in Section II)*
- *Be active owners and incorporate ESG issues into our ownership policies and practices*
- *Seek appropriate disclosure on ESG issues by the entities in which we invest*
- *Promote acceptance and implementation of the Principles within the investment industry*
- *Work together to enhance our effectiveness in implementing the Principles*
- *Report on our activities and progress towards implementing the Principles*

Client Base by type and geography



An institutional investor is defined as a professional client under the COBS 3: Client Categorisations within the FCA Handbook.

AuM Breakdown



Average holding period calculated as combined score across all Unicorn assets



IX. Stewardship

Stewardship aims to promote the long-term success of companies in such a way that the ultimate providers of capital also prosper. Unicorn believes that good governance of the companies in which we invest is an essential part of creating shareholder value and achieving good investment performance for our clients. Unicorn is committed to ensuring that it always operates and makes decisions based on the best long-term interests of its clients.

This policy describes how Unicorn Asset Management applies the twelve Principles of the UK Stewardship Code which was adopted by the Financial Reporting Council (FRC) in September 2020, in line with the FCA's requirements under COBS 2.2.3.

PRINCIPLE 1: Signatories' purpose, investment beliefs, strategy, and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

As outlined in Sections I, X & XI.

PRINCIPLE 2: Signatories' governance, resources and incentives support stewardship.

As outlined in Sections II, III, IV & XI.

PRINCIPLE 3: Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.

As outlined in Sections VII.

PRINCIPLE 4: Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.

As outlined in Sections V.

PRINCIPLE 5: Signatories review their policies, assure their processes and assess the effectiveness of their activities.

As outlined in Sections III & IV.



PRINCIPLE 6: Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.

As outlined in Section VIII.

PRINCIPLE 7: Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities.

As outlined in Sections II, III & IV.

PRINCIPLE 8: Signatories monitor and hold to account managers and/or service providers.

As outlined in Sections II, III & IV.

PRINCIPLE 9: Signatories engage with issuers to maintain or enhance the value of assets.

As outlined in Sections II, VI & VII.

PRINCIPLE 10: Signatories, where necessary, participate in collaborative engagement to influence issuers.

As outlined in Section VI.

PRINCIPLE 11: Signatories, where necessary, escalate stewardship activities to influence issuers.

As outlined in Section VI.

PRINCIPLE 12: Signatories actively exercise their rights and responsibilities.

As outlined in Sections VI & VII.



X. Our purpose, culture and values

Our purpose

We founded our business in London in 2000, with the aim of delivering positive outcomes to our clients. Our purpose today is simple: investing with conviction for a better more sustainable tomorrow – mobilising capital towards change but also embedding ESG within a firm’s culture.

We believe a committed approach to sustainability from management teams is a leading indicator of long-term value creation within investee companies. This extends beyond our investment philosophy to Unicorn Asset Management as a company. Unicorn is dedicated to managing the business in a responsible way which can have a positive impact for our staff, stakeholders and the world in which we live.

We do so by fully integrating ESG analysis and research into our investment processes. This is discussed in detail in *Section II*.

Our culture and values

Unicorn’s culture embodies our overriding value: act with integrity. High ethical standards are critical to maintaining the public’s trust in financial markets and in the investment profession. This value, as adopted from the CFA Code of Ethics and Standards of Professional Conduct, underpins and informs every decision that we make at Unicorn. We emphasise five key areas of focus for our cultural integration.





XI. ESG at Unicorn

Environmental

As a business with a single location in London we are lucky to benefit from some inherent advantages when it comes to our environmental impact, but this doesn't mean we can't do more. We are constantly assessing and expanding our knowledge of the extent of our environmental impact and working to reduce it across all areas of the business.

- ✓ *We have transitioned all energy providers to 100% renewable sources where available*
- ✓ *Energy efficient LED lighting installed to replace energy intensive halogens and fluorescent lamps*
- ✓ *We no longer print presentations for meetings as standard and instead use digital copies wherever possible*
- ✓ *2022 was the first year in the history of Unicorn AIM VCT where applications were made entirely online and the usual large print run of prospectuses did not happen, this was repeated in 2023*
- ✓ *Single use plastic in the office has been phased out where possible, with still and sparkling drinking water bottles being replaced by filter and sparkling water taps. All staff have been provided with reusable bottles*
- ✓ *Internal printing has continued to be reduced in favour of using digital material where possible*
- ✓ *All staff commute using public transport or bike and are encouraged to do so*
- ✓ *We support the cycle to work scheme and have purchased bicycles with staff to reduce individuals carbon footprints further*
- ✓ *We encourage all staff to recycle as much as possible in the office and when travelling for business*

In addition to the initiatives already in place we have since become carbon negative as of October 2022. Through our responsible investment policy we explicitly support the Paris Agreement and the transition to a net zero economy and believe we can help contribute to this aim not just with our allocation of capital but also with our own business decisions.

In addition to our own environmental impact we engage with our suppliers to assess and encourage the use of less carbon intensive practices. The continued monitoring, assessment and improvement of our environmental performance will be reviewed by the firms' Conduct committee annually.



Social

From a social standpoint Unicorn has two major considerations:

- i. Staff, stakeholders, suppliers and clients*
- ii. All those affected by the companies in which we invest*

Unicorn currently employs 14 staff, and we consider their health, wellbeing, support and development a key responsibility. The Company supports the principle of equal opportunities and opposes discrimination on the grounds of sex, age, sexual orientation, marital status, race, ethnic origin, religious belief or disability. Being a committed equal opportunities employer, the Company will take every possible step to ensure that employees are treated equally and fairly in respect of these matters. All policies and practices will conform to the principle of equal opportunities in terms of recruitment, selection, training, promotion, career development, discipline, redundancy and dismissal.

Unicorn Asset Management believes that its most valuable resource is its employees. The continued success of the company depends upon having highly motivated people with proper skills in the right job at the right time. With this in mind, we will support further education of employees both in terms of sponsoring qualifications and in the form of paid study leave to help our staff achieve the qualifications they wish to.

We are committed to:

- 1. The wellbeing and development of our employees. Unicorn has engaged with a specialist 3rd party to provide training in mental health and wellbeing to combat depression, anxiety and stress and create a supportive environment*
- 2. Training to provide all employees with health and safety awareness and familiarisation with our business*
- 3. Sponsoring professional qualifications and providing training to support employees in fulfilling their roles and their personal development*

In addition to this training and support for staff, all Unicorn employees are provided with comprehensive health insurance, gym membership (if desired) and are able to participate in the cycle to work scheme. Beyond our employees, we also look to act responsibly for our clients and hold their trust and the security of their information as paramount.

As an FCA regulated firm, staff are subject to the Regulator's Conduct Rules specific to their role within the firm. In addition, standards of behaviour and conduct are set out in our Code of ethics which has been adopted from the CFA. As a team employing several members of the CFA we agree with and promote the standards to which they aspire.



Governance

Unicorn is committed to following the principles of the UK Corporate Governance Code (“the Code”).

Published by the Financial Reporting Council (“FRC”) <https://www.frc.org.uk/directors/corporate-governance-and-stewardship/uk-corporate-governance-code>. The Code sets out standards of good practice in relation to board leadership and effectiveness, remuneration, accountability, and relations with shareholders.

Internal lines of reporting within the company and the roles and the responsibilities of the team can be seen clearly in the governance organisation chart. The board has conferred several delegated authorities upon its sub committees which each have Terms of Reference setting out their purpose.

Unicorn’s corporate governance structure and implementation is monitored on an ongoing basis by independent third-party specialists the TCC Group <https://tcc.group/> This is to ensure our continued adherence to the highest standards.



The firm's independent Compliance Advisers undertake periodic reviews of its Stewardship and Voting arrangements and adherence to this policy as part of its Compliance Monitoring Programme.

Firms can contact Unicorn at:

*Unicorn Asset Management, First Floor Office, Preacher's Court, The Charterhouse, Charterhouse Square,
London, EC1M 6AU
020 7253 0889*