

Net-zero carbonⁱ policy – Operational emissions

Introduction

WHEB's mission is to 'advance sustainability and create prosperity through positive impact investments.' This applies to our investment activities as well as to our own operations. WHEB has recognised that the world faces a climate emergency which requires the world's governments, businesses and civil society to massively accelerate and scale efforts to mitigate greenhouse gas (GHG) emissions to avoid further climate change. WHEB is committed to achieving net-zero carbon emissions across our operations and our portfolios by 2050 at the latest.

This policy document covers the direct climate impact of WHEB's own operations. A separate detailed policy is available that covers the emissions associated with our investment activitiesⁱⁱ. Both policies are supported by detailed action plans. Progress against the action plans are regularly reviewed by the Senior Management Team and are reported at least annually as part of WHEB's Impact Report.

Scope 1 emissions

As an office-based financial services business, WHEB has no Scope 1 operational GHG emissions. All our power and heating requirements are supplied using electricity. No fossil fuels are directly combusted as part of WHEB's business operations. WHEB's target is to maintain zero absolute scope 1 GHG emissions through 2030.

Scope 2 emissions

- **Electricity**

As tenants in a rented office space, we have limited influence over the choice of energy provider. However, we continue to engage with our building manager to identify where more environmentally preferable choices can be made. Currently, we purchase Renewable Energy Guarantees of Origin (REGOs), which seek to demonstrate that electricity has been sourced from a renewable sourceⁱⁱⁱ. WHEB's target is to continue active annual sourcing of 100% renewable electricity from a 2023 base year through 2030.

Scope 3 emissions

- **Purchased Goods and Services**

The products and services provided to WHEB account for a significant portion of our Scope 3 emissions. In 2021 we launched an on-going engagement campaign to encourage new and current suppliers to calculate their carbon emissions and set targets for emissions reductions. WHEB's contract negotiations include a requirement to measure and report GHG emissions wherever possible. WHEB's target is that 80% of its suppliers by spend covering purchased goods and services will have science-based targets by 2030 and 100% will be covered by such a target by 2035.

- **Business travel**

Business travel is a necessary part of WHEB's business activities. Wherever possible, we seek to 1) minimise travel, 2) utilise public transport in preference to private transport and 3) avoid air travel.

In order to ensure that we limit the GHG impact of our business travel, employees are required to use train travel for any journey taking less than 8 hours except in exceptional circumstances. Where short-haul flights are used, an internal carbon levy of £100 per flight is charged that is then invested in the company's corporate social responsibility (CSR) activities.

- **Waste disposal**

We are tenants within a shared office and share waste services with the other tenants. We maximise the proportion of our waste that is recycled or composted and set targets to reduce the proportion that is sent to landfill or incinerated.

- **Employee commuting**

The shift to hybrid working has caused the employee commuting category, which includes emissions associated with home working, to be the third largest contributor to our operational emissions (excluding investments). These emissions were calculated using a survey sent to all employees with questions regarding their working from home habits. One result of the survey was confirmation that 88% of WHEB employees are on a 'green' electricity tariff, with 22% of employees directly using renewable energy.

Over 90% of all employee commuting is done by public transport or bicycle. WHEB supports the Cycle to Work and annual travelcard schemes to encourage this.

WHEB's target is to reduce absolute scope 3 GHG emissions covering relevant categories 2-14 by 50% by 2030 from a 2023 base year.

Investments

WHEB is an investment management business that invests in companies that benefit from and enable the transition to a zero carbon and more sustainable economy. As such, tackling climate change is a central foundation on which WHEB's business is based.

Five of the nine investment themes that make up WHEB's core investment strategy are linked to climate change or associated environmental issues. These include Cleaner Energy, Environmental Services, Resource Efficiency, Sustainable Transport and Water Management^{iv}. Investments in these themes will, we believe, both enable and benefit from efforts to reduce carbon emissions in line with the targets set out in the Paris Agreement^v.

Nonetheless, these companies also generate GHG emissions in the course of their own business. WHEB is committed to engaging with underlying companies held in our investment strategies to encourage them to accelerate their own efforts to achieve net-zero carbon emissions. These efforts are governed by a separate policy^{vi}.

Carbon offsetting providers

WHEB's approach to offsetting previously has been to use carbon avoided projects that have been verified to Gold or VCS Standards^{vii}. However, we recognise the need to use nature and technology-based carbon reduction projects alongside carbon avoidance. From 2022 we will be creating a portfolio of projects, including both nature- and technology-based carbon removal

projects, all of which will be verified to Gold or VCS standards. We will only offset those residual emissions that cannot be reduced further or eliminated. By supporting a diverse range of initiatives through this portfolio-based approach, we can attempt to maximise both the environmental and social benefits associated with the projects.

Building a movement

WHEB was one of the first businesses to declare our support for the ‘Business Declares’ network^{viii}. In setting out WHEB’s action plan, we aim to support the community of businesses taking urgent action to tackle climate change. Furthermore, we commit to advocate to other business leaders the importance and value of joining this movement at such a critical time and to report annually on our progress.

ⁱ ‘Net-zero carbon’ means eliminating greenhouse gas emissions as far as practicable on an annual basis, reducing these absolute levels of emissions year on year and offsetting the remainder using high quality, verified offset projects.

ⁱⁱ Please see WHEB’s separate policy on Net-zero Carbon portfolio emissions:

<https://www.whebgroupp.com/assets/files/uploads/202102-nzc-policy-portfolio-emissions.pdf>.

ⁱⁱⁱ <https://www.ofgem.gov.uk/environmental-and-social-schemes/renewable-energy-guarantees-origin-rego>

^{iv} For more information on WHEB’s investment themes and underlying holdings please visit:

<http://www.whebgroupp.com/investment-strategy/strategy/>

^v <https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement>

^{vi} Op. Cit. ii

^{vii} The Gold Standard quantifies and certifies climate development interventions:

<https://www.goldstandard.org/>. The Verified Carbon Standard ensures credibility of emissions reduction projects: <https://verra.org/project/vcs-program/>

^{viii} The ‘Business Declares’ network is a network of businesses that have declared a climate emergency and are taking action to tackle it: <https://businessdeclares.com/>