





# About WHEB

WHEB is a specialist investment manager focused on the opportunities created by the global transition to a zero carbon and more sustainable, resource and energy efficient economy. Our mission is ‘to advance sustainability and create prosperity through positive impact investments’.

We are independent and owner managed. Our focus is to create long-term value for our clients through a small number of high conviction products. We are known for our extensive experience, thought leadership and innovation.

This policy summarises WHEB’s overarching investment philosophy and policy on responsible investment. It applies to 100% of our investing activities.

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## Investment Philosophy

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The global economy is increasingly challenged by growing demand for energy and other resources as a result of growing and ageing populations as well as increases in resource consumption. Significant improvements in the sustainability of the supply and utilisation of these resources are required to ensure their continued availability. We believe that businesses that successfully turn this challenge into an opportunity will access faster growing markets and gain a long-term competitive advantage.

Our business is based on a common philosophy and culture focused on:

- Identifying and investing in solutions to society's pressing environmental and social challenges;
- Applying a long-term, research-based investment approach to uncover areas of value;
- Being transparent about our policies and systems and prepared to challenge the status-quo of the investment world; and,
- Providing clients with the best possible client service and support.

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## Responsible Investment

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Across WHEB's range of investment management activities, our approach is to:

### **1. Focus our investments in businesses that sell products and services that have a positive impact on society or the environment**

WHEB's exclusive focus is to invest in companies that have a positive impact on critical social and environmental challenges. We have identified five environmental (Cleaner Energy, Environmental Services, Resource Efficiency, Sustainable Transport and Water Management) and four social (Education, Health, Safety and Well-being) investment themes. Each investment theme comprises a range of products and services that provide solutions to these challenges. We identify companies selling these products and services and, through a 'theory of change', set out the mechanism by which the products and/or services help to solve the underlying challenge.

When we analyse companies, we consider negative impacts associated with their products and services as well. As a consequence, we have never invested in any company with substantial activities related to products and services that we consider to have a significant negative impact. Such companies would not be considered to have an overall positive impact and would therefore be ineligible for investment.<sup>1</sup>

### **2. Integrate environmental, social and governance (ESG) issues into our investment analysis and decision making processes**

In addition to our focus on investments that solve critical social or environmental challenges, we also integrate ESG issues into our assessment of the quality of company operations. Our interest in ESG issues is driven by our desire to understand the fundamental quality of the businesses and other investment opportunities that we are researching. We have strong conviction in the impact of ESG issues on company performance either in their own right or as a wider proxy

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<sup>1</sup> For a list of the specific areas see <https://www.whebgroup.com/investing-for-impact/how-we-invest>

for the quality of a business franchise, especially over a multi-year investment horizon. We do not utilise ESG ratings in our analysis, but build bespoke profiles that factor in material ESG issues into the overall analysis of a company.

When we assess companies for investment, we consider those ESG issues that we believe to be material to the company's long-term projects. Typically, these issues include corporate governance and business ethics, energy use and greenhouse gas emissions, employee practices covering diversity, health and safety and supply-chain management. We also consider a wider range of issues in our investment research depending on the activities of the company in question. This may for example include among other things management of biodiversity impacts, solid and liquid waste generation and recycling, water use, the management and phase-out of hazardous chemicals as well as impacts on vulnerable groups. We continue to monitor performance across these issues throughout our period of ownership. We provide more detailed commentary on our approach to these issues in our regular publications.

### **3. Be active owners and integrate ESG issues into our ownership policies and practices**

Our engagement activity with companies is driven fundamentally by a desire to understand them better, and to advocate for practices that we believe will help secure the company's long-term success. The investment team scrutinises governance practices as a core part of our investment process and uses voting powers to push for better practices. Where we have voted against or abstain on a company vote, we write to the company to explain our reasons for doing so.

Engagement also takes place outside the context of company voting. The team regularly meet with company management. Where there are ESG related concerns, we raise these directly with management either in face-to-face meetings or through correspondence. We also engage collaboratively with other investors where we believe that a broader approach is more likely to secure a positive response from management. Further information on our engagement activity is covered in our Stewardship and Engagement Policy and report.<sup>2</sup>

### **4. Encourage appropriate disclosure on ESG issues by entities in which we invest**

We are strong believers in the disciplines of transparency and disclosure. We encourage companies in which we invest to disclose their management of and performance on material ESG issues in regular publications. We believe that clear communication of policies and performance on material ESG-related issues is of great value in enabling investors and other stakeholders to have a clear, holistic understanding of a business and its future prospects.

## **Reporting and Review**

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As an independent, and independently minded, investment management business, we seek to build a relationship of trust with our clients, co-investors and other partners based on open and honest communication. We aim to be innovative and transparent in our approach and work collaboratively in promoting more responsible investment practices across the financial community. To this end, we seek to:

- Promote responsible investment practices through collaborative initiatives;
- Report on our activities and progress in implementing this policy; and,
- Periodically review and update this policy in light of new developments in the practice of responsible investment.

Further information on our approach and performance as regards responsible investment is available through:

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<sup>2</sup> <https://www.whebgroup.com/reporting-impact-investment/stewardship-reports>

- Quarterly client reports;
- Summary minutes of our tri-annual independent Investment Advisory Committee Meetings;
- An annual Impact Report and investor conference; and,
- Regular publication of our full portfolio holdings.

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## Conflicts of Interest

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WHEB is committed to carrying out its business in compliance with the highest standards of corporate governance and integrity. We apply a consistent and transparent approach to the management of conflicts of interest. The central objective when reviewing which companies we engage, and how we engage and vote, is to act in the interests of clients and to treat all clients fairly. A copy of WHEB's conflicts of interest policy is available on request.

We will seek to minimise the incidence of material potential conflicts of interest, monitor such potential conflicts of interest, and prevent potential conflicts from becoming actual material conflicts. However, conflicts of interest may arise in the context of corporate governance and wider stewardship activity. Where a conflict arises or is likely to arise and we are not able to effectively manage that conflict, we will consult WHEB's independent Investment Advisory Committee to assist us in deciding how best to resolve and address the conflict. Subject to confidentiality obligations, the Investment Advisory Committee's views are published in summary minutes on the company website.

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## Governance and Structure

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WHEB's investment team is required to consider ESG issues as a core part of the fundamental stock analysis process. The daily application of our investment process is overseen by Ted Franks, Partner – Head of Investments, Fund Manager. WHEB's Investment and Risk Committee, composed of the non-executive Chair, Managing Partner and Risk Manager, meets monthly to oversee implementation of this policy. In addition, an independent Investment Advisory Committee composed of investment and sustainability experts meets three times a year and reviews the investment team's activity against this and other relevant policies. Summary minutes of these meetings are published on WHEB's website<sup>3</sup>.

This policy, as well as other aspects of Responsible Investment, are overseen by Seb Beloe, Partner – Head of Research, and is signed off by the Senior Management Team.

Last Updated: December 2024

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<sup>3</sup> <https://www.whebgroup.com/reporting-impact-investment/advisory-committee-minutes>

