

WHEB's investor contribution:

Sustainability at WHEB



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WHEB's culture

We believe that private enterprise can be a powerful force for positive change in the world. Since 2016, we have been a certified B Corporation, which has been an important element in shaping our culture at WHEB.

A clear set of values underpinning WHEB's culture

In 2022 the WHEB team was involved in a collaborative process to define a set of values for the business. These values help align staff to our purpose and identity and enable stakeholders to understand how we do business. The values

underpin everything we do, from strategic decisions to everyday systems and processes. They are important to us and are integrated into the management process that is used to assess the team's performance throughout the year.

WHEB's values are:

Passionate about impact:

Our intention is to have a positive impact on people and planet in all that we do.

Teamwork:

We build relationships based on trust and mutual respect. We promote an environment that enables our team to thrive and drives client success.

Continuous Improvement:

We foster a sense of purpose and a passion for progress, and we share what we learn along the way.

Leadership:

We are creating a movement for positive change, within our company and beyond.

Integrity:

Strong ethical principles guide all areas of our work. We are honest in our approach and treat all stakeholders fairly.

Encouraging an ownership mentality

Another important step taken in 2022 was to set up a deferred equity plan for WHEB team members. Spreading ownership throughout the organisation has been a long-term ambition. We believe that ownership supports a deeper alignment between the interests of individual team members, clients and other stakeholders in our business.

Historically, 40% of WHEB's equity has been held by the Senior Management Team, with the rest held by the company's financial backers. The deferred equity plan uses a proportion of annual profits to make awards across the WHEB team, which are used to purchase equity in WHEB Asset Management LLP from the company's backers. All eligible team members at WHEB chose to participate in the launch of the deferred equity plan.

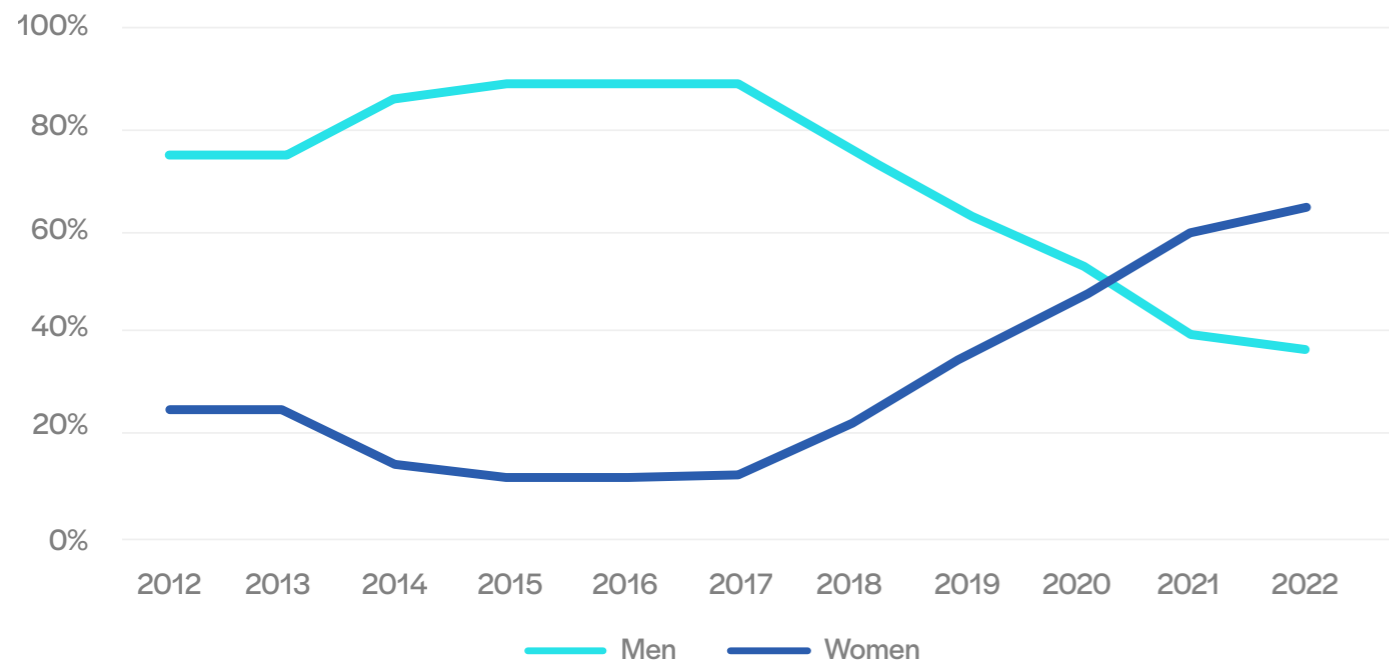
Diversity and inclusion

We have reported previously on our approach to diversity and inclusion including, the formulation of a specific diversity and inclusion policy. This and other WHEB policies covering parental leave, work-life balance and reward are available on our website whebgroup.com/about/working-at-wheb.

In 2022 we expanded our work on diversity and inclusion through our partnership with CityHive cityhive.co.uk. This included becoming a founding member of City Hive's Action, Challenge and Transparency (ACT) framework which supports investment companies creating cultural change towards diversity. As part of this initiative, we support a cross-company mentoring scheme focused on ethnicity and race. We have also undertaken training programmes on diversity, equity and inclusion (DEI) to help employees apply DEI insights in their daily activities. We are also partnering with Insight Outreach insightoutreach.org, a social mobility and education charity that works with youth from disadvantaged backgrounds to help them gain access to top universities.

During 2022 we added five new team members (including full and part-time members) bringing the total to 21. In the past three years WHEB has become a predominantly female organisation, women currently comprise 25% of the Senior Management Team and 80% of our independent Investment Advisory Committee.

Figure 27: Gender balance at WHEB (2012-2023)



Operational greenhouse gas emissions

As a boutique investment business with one main office in London, WHEB's direct environmental impact is very small. Nonetheless we work hard to minimise the negative and maximise the positive impacts of our activities. We remain committed to having our 2025 NZC target validated by the SBTi and report here on our GHG emissions from 2022.

We have no Scope 1 emissions and our Scope 2 emissions are solely related to electricity use in our London office.⁵⁶ Scope 3 emissions represent the vast majority of our emissions (see Figure 28). Since 2021 we have returned to hybrid working, and this is partly responsible for the decline in emissions associated with remote working. The majority of the decline is, however, attributable to a number of employees switching to green electricity tariffs for their home energy and/or replacing gas boilers with air source heat pumps.

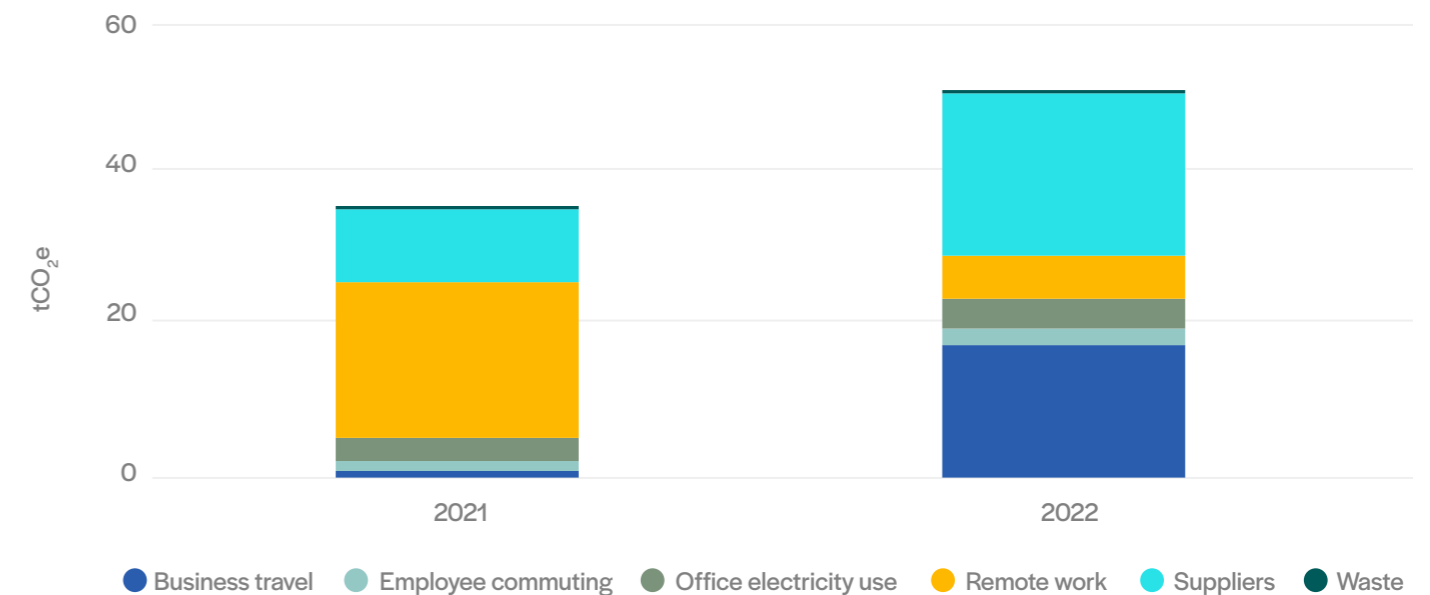
Business travel jumped significantly in 2022 as the economy reopened for business meetings. Our NZC policy stipulates that business travel of less than six hours be made by train. During 2022, 18 journeys were taken by rail in preference to flying, saving over 3,500kms of flying.⁵⁷

Emissions associated with our suppliers also increased year-on-year. This is due in part to better-quality data but also a result of higher spend on supplier services.

Absolute emissions increased from 36tCO₂e in 2021 to 51tCO₂e in 2022. On a normalised basis emissions also increased although more modestly going from 2.57tCO₂e per full-time equivalent employee in 2021 to 2.85tCO₂e in 2022.⁵⁸

While we remain focused on eliminating our emissions, we nonetheless also offset all of these emissions using a combination of high quality carbon removal projects.⁵⁹

Figure 28: WHEB's operational greenhouse gas (GHG) emissions 2021-2022



⁵⁶ WHEB purchases Renewable Energy Guarantees of Origin (REGO). The aim of REGOs is to ensure that the energy consumed by WHEB is provided from renewable sources. However, in practice, energy companies can purchase REGOs from renewable energy producers but source the energy delivered to homes and businesses from elsewhere. According to the GHG Protocol, WHEB's market-based emissions are 0. However, since our energy provider, SSE, cannot prove that the energy provided to us is sourced from renewable sources, we choose to report our location-based scope 2 emissions of 4 tonnes CO₂e.

⁵⁷ Our carbon policy also incentivizes team members to travel on holiday by train by offering time off in lieu of the extra time needed to travel overland.

⁵⁸ We have funded a combination of projects involving the production of biochar and the afforestation of degraded land as part of a package of projects offered by Compensate (<https://store.compensate.com/>). We prioritise carbon removal projects over carbon offset projects.

⁵⁹ <https://gosupercritical.com>.

Investment Advisory Committee statement



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Statement from WHEB's Investment Advisory Committee

The principal role of WHEB's independent Investment Advisory Committee is to review the composition and integrity of WHEB's investment portfolios. This assessment considers whether the sustainable investment philosophy is applied consistently in terms of theme definition and stock selection.

The committee is composed of four independent members with expertise in sustainability and in investment and is chaired by WHEB's non-executive chair.

The committee met three times in 2022 and summary minutes of these meetings are published on the WHEB website whegroup.com/reporting-impact-investment/advisory-committee-minutes.

During 2022 the committee reviewed 12 new companies for the global strategy. During the year WHEB also launched a European strategy which included sixteen new investments. Each of these companies were reviewed by the committee which concluded that all were consistent with the policies and philosophy of the underlying strategies.

The committee also discussed a wider range of topics. In March, following WHEB's decision to sell its position in Orpea, the committee considered a discussion paper on the investability of companies operating care homes and home care services. In July, the committee held a discussion on the appropriate role for WHEB – and investors more generally – in calling for companies to take progressive positions on contested social issues including on abortion following the ruling of the US Supreme Court. Following a request from committee members, the December meeting focused on a deep-dive into the methodology and application of WHEB's Impact Engine.

Based on this work, the committee believe that WHEB's portfolios are consistent with the stated sustainable investment objectives of the strategy.

The committee also reviewed a late draft of the impact report covering the calendar year 2022 and appreciated the wider perspective offered by third party contributors and the role WHEB plays as part of a community of expertise driving higher standards in impact investing in listed equities.

A key challenge for future reporting is to develop a more complete approach to the negative impacts associated with the products and services sold by investee companies. Some committee members also felt that aspects of the report such as the impact model and metrics are quite high-level and would benefit from some simplification to show more clearly the impacts that WHEB and investee companies are having. Members also look forward to seeing more detailed reporting following the adoption of the new milestones framework for assessing progress with company engagement.

Notwithstanding these areas for further refinement, committee members felt that the report continues to demonstrate WHEB's position as a leader in impact reporting.

Jayne Sutcliffe,
Non-Executive
Chair, WHEB Asset
Management

Alice Chapple,
Director, Impact Value,
Chair, Investor Watch

Abigail Rotheroe,
External Adviser

Martin Rich,
Executive Director,
Future-Fit Foundation

Carole Ferguson,
CEO, Carbon
Transition Analytics



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