



**WHEB ASSET MANAGEMENT LLP**

**FP WHEB Sustainability Fund**



**European SRI Transparency Code**

**Fourth Statement of Commitment**

**01 October 2017 – 30 September 2018**

**WHEB Asset Management LLP is solely responsible for the information provided this document.**

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Registered in England. Partnership number: OC341489**

## EUROPEAN SRI TRANSPARENCY CODE (VERSION 3.0)

***Date: 1 October 2017***

### Statement of Commitment

Sustainable and Responsible Investing is an essential part of the strategic positioning and behaviour of WHEB Asset Management. We have been involved in SRI since 2009 and welcome the European SRI Transparency Code.

This is our fourth statement of commitment and covers the period October 2017 to September 2018. Our full response to the European SRI Transparency Code can be accessed below and is available in the annual report of the retail funds and on our web site.

### Compliance with the Transparency Code

WHEB Asset Management (WHEBAM) is committed to transparency and we believe that we are as transparent as possible given the regulatory and competitive environments that exist in the countries in which we operate. WHEBAM meets the full recommendations of the European SRI Transparency Code.

## European SRI Transparency Code V3.0

1. General Information
2. Approach to ESG evaluation of companies and countries
3. Fund Management Process
4. Controls and ESG reporting

### TRANSPARENCY CODE V3.0

#### 1. General Information

Reference	Question / Sub-question
1a	<p><b>Provide the name of the fund management company managing the fund(s) to which this Code applies.</b></p> <p>WHEB Asset Management LLP, 7 Cavendish Square, LONDON W1G 0PE Contact: Seb Beloe, Partner – Head of Research, <a href="mailto:seb.beloe@whebgroup.com">seb.beloe@whebgroup.com</a> / +44 203 219 3420</p>
1b	<p><b>Describe the general approach of the fund management company with regards to how it takes environmental, social and governance (ESG) criteria into consideration.</b></p> <p>The essential philosophy underpinning the fund is that high quality companies which provide solutions to society's most pressing needs and challenges will generate superior financial returns over the long-term. Central to our investment philosophy is our integrated approach to research, stock selection and engagement, based on three interlinked beliefs, as follows:</p> <ul style="list-style-type: none"> <li> <p>• <b>Sustainability is creating new growth markets</b></p> <p>The long-term social, demographic, environmental and resource challenges facing the world today are reshaping the economic landscape, creating new investment opportunities for those companies providing solutions to these challenges, and growing risks for those sectors that deplete human and natural capital. Our experience suggests that the selection of sustainability themes is a powerful source of value, due to the secular dynamics underlying the sustainability agenda.</p> </li> <li> <p>• <b>A long-term, fundamental approach to stock selection leads to out-performance</b></p> <p>Financial markets are not entirely efficient and we believe that active investment management can add value over passive approaches. We make high conviction investment decisions using a pragmatic, bottom-up approach to stock selection, based on a fundamental analysis of a company's prospects. We take a distinctive long-term approach to investing, tending to hold a stock for an average of more than three years and seek to be flexible in style, avoiding the pitfalls of out-and-out value or growth investment styles.</p> </li> <li> <p>• <b>Analysis which integrates ESG factors enables better stock selection</b></p> <p>Our investment methodology includes in-depth analysis of a company's non-financial environmental, social and governance (ESG) practices which help uncover hidden risks and opportunities. Our in-house analysis is complemented by the insights we gain through our programme of active engagement with companies which sheds further light on a company's ability to respond to non-financial challenges.</p> </li> </ul>
1b	<p><b>Is the fund management company approach towards ESG criteria part of its corporate social responsibility approach? Yes/No. If yes, insert a link to the company's CSR policy.</b></p> <p>Yes</p> <p>Fundamentally, as described above, we see sustainability as well as environmental, social and governance (ESG) issues as central to strong financial performance of the fund over the long-term. This is central to our investment belief. Our Responsible Investment policy is available on our website at <a href="http://www.whebgroup.com/media/2013/11/WHEB-Group-Responsible-Investment-Policy.pdf">http://www.whebgroup.com/media/2013/11/WHEB-Group-Responsible-Investment-Policy.pdf</a>.</p>

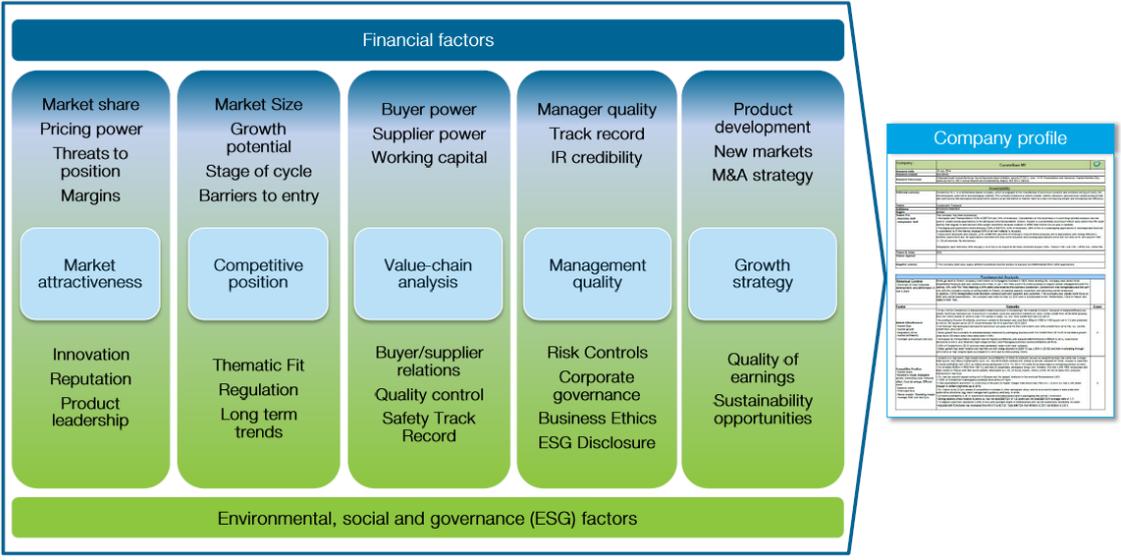
1b	<p><b>Has the fund management company signed the Principles for Responsible Investment? If yes, please insert the link to the answer to the PRI questionnaire.</b></p> <p>Yes – We signed the UN-PRI in 2012 <a href="http://www.unpri.org/signatories/">http://www.unpri.org/signatories/</a> WHEB's questionnaire was assessed as an A+ in all available categories in 2017. The summary assessment is available from our website along with the questionnaire that we submitted. These can be downloaded from <a href="http://www.whebgroup.com/investment-strategy/fund-governance/unpri-transparency-report/">http://www.whebgroup.com/investment-strategy/fund-governance/unpri-transparency-report/</a></p>
1b	<p><b>Is the fund management company a signatory or a member of other international and/or national initiatives supporting SRI practices? Please answer if you deem this information to be useful.</b></p> <p>UK Sustainable Investment and Finance Association (UKSIF) (<a href="http://www.uksif.org">www.uksif.org</a>)  UK Stewardship Code (<a href="http://www.frc.org.uk/Our-Work/Codes-Standards/Corporate-governance/UK-Stewardship-Code/UK-Stewardship-Code-statements.aspx">http://www.frc.org.uk/Our-Work/Codes-Standards/Corporate-governance/UK-Stewardship-Code/UK-Stewardship-Code-statements.aspx</a>)  Institutional Investors Group on Climate Change (IIGCC) <a href="http://www.iigcc.org/">http://www.iigcc.org/</a>  For a full list of initiatives see <a href="http://www.whebgroup.com/about-us/thought-leadership/">http://www.whebgroup.com/about-us/thought-leadership/</a></p>
1b	<p><b>Has the fund management company established an ESG engagement policy? If yes, describe the policy by outlining its objectives and its methodology and/or, if it is public, insert a link to the policy.</b></p> <p>Yes – Our ESG engagement policy is described in our UK Stewardship Code Compliance Statement (<a href="http://www.whebgroup.com/investment-strategies/listed-equity/fund-governance/engagement-and-voting-records/">http://www.whebgroup.com/investment-strategies/listed-equity/fund-governance/engagement-and-voting-records/</a>).</p> <p>We engage directly with companies and other stakeholders in order to:</p> <ul style="list-style-type: none"> <li>• Generate additional insights into company practice or a particular issue, which in turn feeds into our investment decisions; and/or</li> <li>• Exercise influence in order to improve corporate management and performance, or the direction of future policy in order to promote sustainable development and, to create favourable operating environments for the companies we invest in.</li> </ul> <p>Our engagement activity is typically structured as proactive initiatives that are aimed at long-term issues affecting whole sectors and/or companies in our investment universe. In addition, we also conduct a range of 'reactive' engagement activity in response to specific issues at individual companies.</p> <p>Generally speaking, in our proactive engagement, we seek to work alongside other investor groups which allow us greater leverage over the companies we are engaging with. This work is usually focused on companies that are either held in our portfolio or are in the wider investment universe. However, we may also get involved in wider engagement that affects broader industry groups where this is consistent with our overall investment philosophy.</p> <p>A significant part of our company engagement also takes place bilaterally and is focused on reacting to particular issues or concerns that have emerged in companies within our portfolio. We believe that our long-term holding period is critical in making this type of active engagement worthwhile. By holding companies for an average of at least three years, we can benefit from any insights that we get into the quality of the businesses that we are engaging with, and we can also benefit from our efforts to improve the quality of governance or wider business management.</p> <p>We take an active approach in our engagement, making our views clear to companies and seeking improvements, prioritising companies where we believe we can catalyse real change in fostering a more progressive approach to sustainable business practices. If we are unable to resolve the matter through this dialogue, we may work with other institutional investors to put our concerns to the company jointly. We seek to vote on all our positions in the fund and will use the voting rights held on behalf of clients to impress upon management the need for change or ultimately to support a takeover where appropriate. Should efforts be unsuccessful, we may de-approve and divest our investments in the company. Where we vote against company management we write to the company in question explaining our reasons for doing so and seeking further engagement as appropriate.</p> <p>Beyond our engagement work directly with companies, we are also involved in sharing our thinking, and promoting sustainability issues through hosting, participating and/or speaking at external events such as conferences and seminars, and communicating via the WHEB Asset Management blog. We also write press articles on sustainability and related issues, as well as engaging more generally with the media.</p>
1b	<p><b>Has the fund management company established a voting policy? If yes, describe the policy by outlining its objectives and its methodology and/or, if it is public, insert a link to the policy.</b></p> <p>Yes – Our voting policy is described in our UK Stewardship Code Compliance Statement (<a href="http://www.whebgroup.com/media/2014/09/201409-Stewardship-code-disclosure-statement.pdf">http://www.whebgroup.com/media/2014/09/201409-Stewardship-code-disclosure-statement.pdf</a>).</p> <p>We take an active approach to voting the shares in investee companies in the best interests of the relevant fund. Where we intend to vote against the board of an investee company, it is our normal practice to inform the board of the investee company in advance. We endeavour to vote all our shares in investee companies and report quarterly on our voting and wider company engagement activity, which is available on our website at <a href="http://www.whebgroup.com/investment-strategies/listed-equity/fund-governance/engagement-and-voting-records/">http://www.whebgroup.com/investment-strategies/listed-equity/fund-governance/engagement-and-voting-records/</a>.</p>

1b	<p><b>Describe how the fund management company or the group contributes to the promotion and the development of SRI.</b></p> <p>As described above, beyond the engagement work that we do directly with companies, we are also involved in sharing our thinking, and promoting sustainability issues through hosting, participating and/or speaking at external events such as conferences and seminars, and communicating via the WHEB Asset Management blog. We also write press articles on sustainability and related issues, as well as engaging more generally with the media.</p> <p>For example, initiatives that we have been involved in the past twelve months have included:</p> <ul style="list-style-type: none"> <li>• Over 30 blog posts on a range of topics of relevance to the practice and development of SRI (<a href="http://www.whebgroup.com/news-views/wheb-insights/">http://www.whebgroup.com/news-views/wheb-insights/</a>)</li> <li>• Support for third party platforms promoting SRI such as Good with Money/Worthstone, 3D Investing and Divest/Invest.</li> <li>• Participation in public debates about SRI including events hosted by the CDP, SRI-Connect, The Social Stock Exchange, Tomorrow's Company, UKSIF and the UN-PRI among others.</li> </ul>
1c	<p><b>Describe/List your SRI products and the specific resources allocated to your SRI activities.</b></p>
1c	<ul style="list-style-type: none"> <li>• Fund Name: FP WHEB Sustainability Fund</li> <li>• ISIN: GB00B4LDCG53</li> <li>• Legal Form: OEIC</li> <li>• Fund Domicile: United Kingdom</li> <li>• Inception date: 08/06/2009</li> </ul> <ul style="list-style-type: none"> <li>• Fund Name; The Pengana WHEB Sustainable Impact Fund</li> <li>• ARSN: 121 915 526</li> <li>• Legal Form: Managed Investment Scheme</li> <li>• Fund Domicile: Australia</li> <li>• Inception date: 01/08/2017 (relaunch)</li> </ul> <p>These are the only two funds managed by WHEB Asset Management and consequently the funds are managed as described in 1b above setting out the general approach of WHEB Asset Management. More information on the funds' characteristics can be found at: <a href="http://www.whebgroup.com/investment-strategies/listed-equity/fp-wheb-sustainability-fund/">http://www.whebgroup.com/investment-strategies/listed-equity/fp-wheb-sustainability-fund/</a> and <a href="http://www.hunterhall.com.au/pdf/PDS/Fund_Profile_WHEB.pdf">http://www.hunterhall.com.au/pdf/PDS/Fund_Profile_WHEB.pdf</a></p>
1c	<p><b>Describe/List your SRI products and the specific resources allocated to your SRI activities.</b></p> <p><b>Date since when the fund management company has internal teams and date of inception of the first SRI fund,</b></p> <ul style="list-style-type: none"> <li>• 8 June 2009 was the date of the launch of WHEB Asset Management. At that time the fund was co-managed by two fund managers and supported by a senior analyst. On 4<sup>th</sup> April 2012, the team was significantly enhanced with the recruitment of leading members of Henderson's SRI team. Since 2015 the fund has been managed by Ted Franks, Fund Manager with support from Seb Beloe, Head of Research Ty Lee, Associate Portfolio Manager and Ben Kluftinger as Senior Analyst.</li> </ul> <p><b>Brief description of the "SRI organisation" (e.g. research, analysts, portfolio management, corporate governance teams),</b></p> <ul style="list-style-type: none"> <li>• 'SRI' research is fully integrated into the core research that the investment team conducts on stocks for the fund. As described above, we believe that ESG data and insight has an important bearing on the long-term financial performance of companies. Therefore ESG information and insight is considered for every stock that we review alongside more traditional financial and market metrics. All four of the investment team members are actively involved in reviewing companies for inclusion in the fund and each considers ESG information as a core part of his/her role.</li> </ul> <p><b>Number of people who are directly involved in the analysis and/or portfolio management activities.</b></p> <ul style="list-style-type: none"> <li>• Four</li> </ul> <p><b>External resources used for ESG analysis and engagement/voting (number of providers, names, service provided and links to their website).</b></p> <ul style="list-style-type: none"> <li>• We utilise a wide range of external resources including sell-side broker notes, ad hoc third-party research (e.g. from NGOs, government agencies etc.), company meetings and reporting, social networks etc.</li> </ul> <p>In addition we have four formal contracts with external research providers. These are with Bloomberg for core financial and ESG information (<a href="http://www.bloomberg.com/enterprise/trading_solutions/">http://www.bloomberg.com/enterprise/trading_solutions/</a>), ISS for governance research and proxy voting support (<a href="http://www.issgovernance.com/">http://www.issgovernance.com/</a>), the Sustainability Accounting Standards Board (SASB) for access to standards and disclosure data and with Meltwater on media monitoring (<a href="http://www.meltwater.com/">http://www.meltwater.com/</a>).</p>
1d	<p><b>Describe the content, frequency and resources allocated/used by the fund management company to inform investors about the ESG criteria taken into account.</b></p>

	<p>The core approach is to invest 100% of the fund in companies providing solutions to sustainability challenges by identifying and investing in nine environmental and social themes. These themes are described in detail on our website at: <a href="http://www.whebgroup.com/investment-strategies/listed-equity/strategy/">http://www.whebgroup.com/investment-strategies/listed-equity/strategy/</a>.</p> <p>In addition to the information that is available on a continuous basis through the website, we also provide significant additional disclosure through a number of other channels. This includes:</p> <ul style="list-style-type: none"> <li>• Quarterly Voting and Engagement reports that detail both our voting activity (including complete records of how we vote) as well as our company engagement work (<a href="http://www.whebgroup.com/investment-strategies/listed-equity/fund-governance/engagement-and-voting-records/">http://www.whebgroup.com/investment-strategies/listed-equity/fund-governance/engagement-and-voting-records/</a>)</li> <li>• We have an Independent Advisory Committee that meets every four months to review the fund's holdings and our implementation of the fund's policies and processes. We publish summary minutes of these meetings at <a href="http://www.whebgroup.com/investment-strategies/listed-equity/fund-governance/investment-advisory-committee-minutes/">http://www.whebgroup.com/investment-strategies/listed-equity/fund-governance/investment-advisory-committee-minutes/</a></li> <li>• As described above, we also have a blog on which we publish a wide range of opinion articles on issues related to sustainable and responsible investing. The blog can be accessed at <a href="http://www.whebgroup.com/news-views/wheb-insights/">http://www.whebgroup.com/news-views/wheb-insights/</a></li> <li>• We publish our full portfolio holdings with a brief rationale as to why we believe each company fits in the fund. This is available at <a href="http://www.whebgroup.com/investment-strategies/listed-equity/fund-governance/fund-holdings/">http://www.whebgroup.com/investment-strategies/listed-equity/fund-governance/fund-holdings/</a></li> <li>• Finally, we also publish an annual impact report which provides a detailed analysis and quantification of the positive impact associated with the fund. The most recent report also provided analysis of the fund's investments and how these compare with the UN's Sustainable Development Goals as well as a disclosure on the fund's positioning with regard to climate change that is based on the guidelines proposed by the Taskforce on Climate-Related Financial Disclosures (TCFD). This report can be accessed at <a href="http://www.whebgroup.com/news/newsletter/">http://www.whebgroup.com/news/newsletter/</a></li> </ul>				
1e	<p><b>Provide the name of the fund(s) to which this Code applies and its (their) main characteristics.</b></p> <p>FP WHEB Sustainability Fund / Pengana WHEB Sustainable Impact Fund</p>				
1e	<p><b>Describe the main characteristics of the fund(s): geographical focus, asset class, SRI strategy used (use the classification provided by EUROSIF/EFAMA -&gt; see the appendix for EUROSIF definitions).</b></p> <table border="1"> <thead> <tr> <th><b>FP WHEB Sustainability Fund</b></th> <th><b>Pengana WHEB Sustainable Impact Fund</b></th> </tr> </thead> <tbody> <tr> <td> <ul style="list-style-type: none"> <li>• Asset Class: Public equity</li> <li>• Geography: Global</li> <li>• ISIN Code: GB00B4LDCG53</li> <li>• Legal Form: OEIC</li> <li>• Risk Class: KIID SRRI rating 6</li> </ul> </td> <td> <ul style="list-style-type: none"> <li>• Asset Class: Public equity</li> <li>• Geography: Global</li> <li>• ARSN: 121 915 526</li> <li>• APIR: HHA0007AU</li> <li>• Legal Form: Managed Investment Scheme</li> <li>• Risk Class: High</li> </ul> </td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>• Sector or theme focus: c.65% in Industrials and Healthcare</li> <li>• SRI Strategy: Sustainability Themed Investment and ESG Integration</li> </ul>	<b>FP WHEB Sustainability Fund</b>	<b>Pengana WHEB Sustainable Impact Fund</b>	<ul style="list-style-type: none"> <li>• Asset Class: Public equity</li> <li>• Geography: Global</li> <li>• ISIN Code: GB00B4LDCG53</li> <li>• Legal Form: OEIC</li> <li>• Risk Class: KIID SRRI rating 6</li> </ul>	<ul style="list-style-type: none"> <li>• Asset Class: Public equity</li> <li>• Geography: Global</li> <li>• ARSN: 121 915 526</li> <li>• APIR: HHA0007AU</li> <li>• Legal Form: Managed Investment Scheme</li> <li>• Risk Class: High</li> </ul>
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1f	<p><b>What is (are) this (these) fund(s) trying to achieve through taking into account ESG criteria?</b></p> <p>Fundamentally, our strategy is to invest in companies which are providing solutions to the key sustainability challenges facing humanity (<a href="http://www.whebgroup.com/about-us/overview/">http://www.whebgroup.com/about-us/overview/</a>). We believe that by investing in these themes and taking account of ESG issues in the way that we research and understand companies, we are able to deliver a better risk-adjusted financial return for our investors.</p>				
1f	<p><b>If part of the fund(s) assets is invested in unlisted organisations with high social, community or impact investing relevance, please specify.</b></p> <p>100% of the invested funds are in publicly listed equities.</p>				
<h2>2. Approach to ESG evaluation of Companies (and countries)</h2>					
2a	<p><b>What fundamental principles underlie the ESG research methodology?</b></p> <p>We believe that a range of environmental, social and governance (ESG) issues can have a material bearing on the financial performance of a company over a three to five year time horizon. Our approach is to assess ESG performance through an integrated analysis of these issues within an overall assessment of the quality of a given business. We believe this enables us to spot trends, risks and opportunities which may go unnoticed by analysts looking solely at traditional financial factors.</p> <p>Our approach is informed by reference to a range of underlying principles and norms including those articulated in intergovernmental settings particularly the UN (eg UN Global Compact, UNEP, Millennium Development Goals etc.) as well as by analysing sector-level initiatives (for example the Electronic Industry Code of Conduct, Forestry and Marine Stewardship, Carbon Disclosure Project etc.).</p>				

	<p>We first seek to determine whether a given company fits into one or more of our sustainability investment themes. Having established this, we then assess companies that are candidates for the fund on the basis of the quality of their position in a given market and the strength of their management systems and approach. The areas that we consider are listed below, highlighting the key ESG issues at each stage.</p> <ul style="list-style-type: none"> <li>• <b>Market attractiveness</b> From a sustainability viewpoint, we gauge the likely impact of regulation on the company's sector and any other long-term trends, such as changes in consumer preferences, resource scarcity issues or the impact of extreme weather, which may affect the company's growth opportunities.</li> <li>• <b>Competitive position</b> We aim to understand the business of the company and how its approach to sustainability provides it with a lasting competitive advantage. Key drivers of the business are identified as well as areas of risk and opportunity. We look for innovation and product leadership, in companies that are well invested as well as other competitive strengths in terms of brand value, reputation and customer loyalty.</li> <li>• <b>Value-chain analysis</b> From a sustainability point of view, we consider a company's buyer relations, its supplier relations and its quality control. We will look for evidence that the business manages its suppliers well. Is there sufficient diversity of suppliers? Does the firm audit its suppliers on ESG issues in some way? Have there been any disruptions from suppliers in the past? We also look for evidence of a strong safety culture as well as effective management of raw materials and any wastes underpinned by management standards such as ISO 14001 and OHSAS 18001.</li> <li>• <b>Growth strategy</b> We scrutinise sustainability opportunities for growth as well as the quality of earnings. We will assess any stated growth targets or goals and how achievable they are as well as the track record of achieving such targets. We assess new product development opportunities as well as M&amp;A opportunities and the company's track record in making acquisitions.</li> <li>• <b>Quality of Management</b> We look at a management team's history of managing and delivering against expectations and controlling risks when unforeseen events occur. We analyse a company's corporate governance and its ethical policy and record. What is the ownership structure of the company and what is its governance structure? Is there a separate chairperson and CEO? We assess risk checks and balances, risk control and look for evidence of ESG disclosure and risk management.</li> </ul>
2b	<p><b>What internal and external resources are used to carry out this research?</b></p> <p>Seb Beloe, Partner and Head of Research leads on the investment team's analysis of sustainability and ESG issues. Seb has two degrees in Environmental Science and Technology, is a Chartered Environmentalist and has spent twenty years analysing company performance on ESG issues. Together with the team, he has developed our integrated approach to assessing ESG issues. Each team member is responsible for undertaking this analysis with support from Seb.</p> <p>Our research is sourced primarily through data supplied by sell-side brokers, Bloomberg and company communications. We also use data supplied by SASB and develop our own bespoke assessment process as described above.</p> <p>Beyond the core data supplied by companies, Bloomberg, SASB and sell-side analysts, we will utilise a wide range of additional data sources including:</p> <ul style="list-style-type: none"> <li>• A wide-range of governmental and regulatory databases (for example OFWAT in the UK for water utilities and the Federal Railroad Administration in the US on train companies)</li> <li>• Reports produced by non-governmental organisations and third party consultancies including for example ChemSec's analysis of chemical companies in Europe, The Climate Group's analysis of markets for energy efficient lighting and Transparency International reports on corruption and bribery.</li> <li>• Monitoring of media stories and discussion through a subscription to Meltwater.</li> <li>• We also have a contract with ISS (<a href="http://www.issgovernance.com/">www.issgovernance.com/</a>) who provide us with a perspective on the governance standards and systems at companies that we are researching as well as with proxy voting guidance.</li> </ul>
2c	<p><b>Which ESG analysis criteria are used?</b></p> <p>It is worth stressing at the outset that because of our focus on sustainability themes, we are not investing in the sectors (such as mining, oil and gas, banks, apparel companies etc.) that have the most serious environmental and social issues associated with them.</p> <p>That said, there are still of course a variety of ESG issues that are relevant, but as described above, we believe that it is critical to contextualise these when considering how they are relevant to investment decisions. Fundamentally, in our view it is much more important for a company to manage a small number of important ESG issues really well than have a long list of policies covering all conceivable issues. It is for this reason that</p>

	<p>we only look at ESG issues that are relevant to the company that we are assessing, and the way that it conducts its business. So for example, we believe that health and safety and resource efficiency are genuinely meaningful to the success of rail-road companies, but are less relevant for companies developing, for example, computer software which instead should focus on talent attraction and development and core governance and business ethics issues such as Board-level independence and business ethics training and monitoring.</p> <p>That said, there is a subset of issues which are relevant to the majority of the companies we look at. This would include: employment practices (diversity, training, benefits etc.), supply-chain standards and quality (environmental, social and quality issues in supply-chains), energy use and carbon emissions, governance quality (independence of directors, audit quality, remuneration and shareholder rights) and business ethics standards (training, whistleblowing hotlines) and overall transparency and accountability of the business.</p>
2d	<p><b>What is your ESG evaluation methodology (how the investment universe is built, rating system etc.)?</b></p> <p>Companies qualify for our investment universe if they have at least a third of their revenues or their profits coming from one or more of our nine sustainability investment themes. These themes are cleaner energy, education, environmental services, healthcare, resource efficiency, safety, sustainable transport, water management and wellbeing. Furthermore, companies which, in our view, are exposed to excessive reputational risk, or have significant activity in areas that have significant negative social or environmental impacts or are otherwise inconsistent with the philosophy of the fund, are unlikely to be selected for investment.</p> <p>Companies from the universe are then subject to further analysis before they are included in the fund. As described above this includes a thorough analysis of critical ESG issues. The company is then given an overall score (scores of 0-10 are given to each of the categories outlined in question 2a above) which provides an overall assessment of quality of the business. This assessment, together with valuation metrics, is then used to determine whether we should consider the company for investment in the fund.</p>
2d	<p><b>Describe the ESG evaluation system and how it is built by explaining how the various ESG criteria are articulated including with an example.</b></p> <p>To illustrate this approach with an example, we currently hold the energy efficiency company Rockwell Automation in the fund. We believe that effectively all of the company's revenues are derived from products and services that have energy or wider resource efficiency as a part of their value proposition.</p> <p>In terms of ESG evaluation, the attractiveness of the company's markets was considered with long term secular trends around energy efficiency supporting 4-6% long term growth. We gave this aspect a score of 5/10.</p> <p>In terms of the company's competitive position, we reviewed ESG issues in our assessment including a review of the company's product safety and quality (product recalls), the proportion of revenue that is spent on R&amp;D and how this is governed, training hours for employees as well as voluntary turnover rates, gender diversity and accident statistics. We gave the company a score of 8/10 on this aspect</p> <p>Within our analysis of the company's value chain, we looked at the location of the company's operations as well as management of its key suppliers, exposure to raw material prices and management of key environmental issues such as CO2 emissions, waste recycling and management of key chemicals (e.g. SF6). We believe the company has a very strong approach to these issues and scored it 9/10.</p> <p>Within management quality we looked at the governance of sustainability issues in the business as well as more traditional governance issues such as executive compensation, business ethics standards and processes, shareholder structure, voting rights and independence. The company scored 5/10.</p> <p>And finally, we assessed the company's growth strategy and particularly its ability to secure strong growth over a multi-year horizon including from mergers and acquisitions and the credibility of its strategy. Here the company scored 8 out of 10.</p> <p>Together this analysis was strongly favourable and the company achieved a high score of 71% according to our framework.</p>
2e	<p><b>How frequently is the ESG evaluation reviewed?</b></p> <p>We undertake a fundamental review of the stock as part of our initial research on a business. If the company is bought for the fund or is held on our 'watch list' we will monitor it on an on-going basis and capture any new information or developments in the company's profile. This happens at least on a quarterly basis.</p> <p>Alongside this process, we also involve our external Investment Advisory Committee in regular reviews of the portfolio and they typically ask questions and interrogate specific fund holdings on a four-monthly basis to ensure that the portfolio reflects the policies that we have in place.</p>
<p><b>3. Fund Management Process</b></p>	

3a	<p><b>How do you take into account ESG criteria when defining the universe of eligible investments?</b></p> <p>As described above, our investment universe is defined around nine investment themes which focus on social (Education, Health, Safety and Well-being) and environmental (Cleaner energy, Environmental services, Resource efficiency, Sustainable Transport and Water) issues.</p> <p>We have selected these nine themes because we believe they represent parts of the market that will grow more quickly than the market as a whole on account of underlying structural trends in the global economy. We are therefore only interested in companies that have genuine exposure to these themes and set a threshold of having at least one third of their revenues or profits coming from these areas.</p> <p>The decision to pick one third of revenues as a minimum threshold was reached after careful consideration; on the one hand the managers wanted to be able to include larger companies in transition which are in the process of adapting their business to a more sustainability-oriented economy. On the other, we did not want to include companies which were making a token gesture towards becoming a sustainable solution provider without making significant commitment in terms of sales and R&amp;D. A third of a company's sales is deemed an appropriate level to indicate genuine commitment, while still enabling the managers to capture revaluation from a company during a transitional phase. In practise the majority of holdings in the fund are 100% exposed to the themes, and the average across the fund is closer to 80% exposure.</p>
3a	<p><b>If appropriate, describe the eligibility threshold and the resulting level of selectivity.</b></p> <p>We do not have negative exclusionary screens on the fund except where required by law in certain jurisdictions (eg. companies that manufacture cluster munitions and landmines). However, if a company is, in our view, exposed to excessive reputational risk, or has significant activity in areas that are not consistent with the philosophy of the fund, then we can choose to avoid the company on this basis.</p>
3b	<p><b>How do you take ESG criteria into account when building the portfolio?</b></p> <p>As described in section 2a above, ESG analysis forms a core part of how we review companies for inclusion in our fund. In our view ESG analysis as part of an integrated approach to research allows us to identify better run companies that are positioned to deliver financial outperformance over a three to five year time period.</p>
3b	<p>The figure below seeks to outline how we integrate financial factors and environmental, social and governance (ESG) factors into our stock analysis process.</p> 
3b	<p><b>Has the Fund has divested from securities based on ESG criteria over the past 12 months?</b> Yes</p>
3b	<p><b>If you have divested from securities based on ESG criteria over the past 12 months, please state how many were affected.</b> &gt; 1 company</p>
3b	<p><b>Examples of companies divested from can be included here with a brief rationale.</b></p> <p>We wold out of our position in Stericycle in late 2016. There were multiple reasons behind our decision to exit the position, but a critical one was the company's lack effective response to our efforts to encourage the company to disclose more detailed ESG information. The company had had a history of poor ESG practices, most notably in the management of emissions from their waste incineration activities. Since we sold the position, a number of further governance concerns have emerged including issue relating to overcharging clients and in relation to the Foreign Corrupt Practices Act.</p>
3c	<p><b>Does (do) the fund(s) have a specific ESG engagement policy?</b></p>

	No – the fund’s ESG engagement is governed by the company’s overall policy which is part of our Responsible Investment policy and is also set out in our Stewardship Code Disclosure Statement (both available at <a href="http://www.whebgroupp.com/media/2014/09/201409-Stewardship-code-disclosure-statement.pdf">http://www.whebgroupp.com/media/2014/09/201409-Stewardship-code-disclosure-statement.pdf</a> ).
3c	<p><b>Please explain what you mean by Engagement</b></p> <p>As set out in Question 1b, we engage directly with companies and other stakeholders in order to:</p> <ul style="list-style-type: none"> <li>• Generate additional insights into company practice or a particular issue, which in turn feeds into our investment decisions; and/or</li> <li>• Exercise influence in order to improve corporate management and performance, or the direction of future policy in order to promote sustainable development and, to create favourable operating environments for the companies we invest in.</li> </ul>
3c	<p><b>Describe how you select the companies/themes for Engagement activities and the impact on the portfolio management of the fund(s).</b></p> <p>As set out in Question 1b above, our engagement activity is typically structured as proactive initiatives that are aimed at long-term issues affecting whole sectors and/or companies in our investment universe. In addition we also conduct a range of ‘reactive’ engagement activity in response to specific issues at individual companies.</p> <p>Generally speaking, in our proactive engagement, we seek to work alongside other investor groups which allow us greater leverage over the companies we are engaging with. This work is usually focused on companies that are either held in our portfolio or are in the wider investment universe. However, we may also get involved in wider engagement that affects broader industry groups where this is consistent with our overall investment philosophy.</p> <p>A significant part of our company engagement also takes place bilaterally and is focused on reacting to particular issues or concerns that have emerged in companies within our portfolio. We believe that our long-term holding period is critical in making this type of active engagement worthwhile. By holding companies for an average of at least three years, we can benefit from any insights that we get into the quality of the businesses that we are engaging with, and we can also benefit from our efforts to improve the quality of governance or wider business management.</p> <p>We take an active approach in our engagement, making our views clear to companies and seeking improvements, prioritising companies where we believe we can catalyse real change in fostering a more progressive approach to sustainable business practices. If we are unable to resolve the matter through this dialogue, we may work with other institutional investors to put our concerns to the company jointly. We seek to vote on all our active positions in the fund and will use the voting rights held on behalf of clients to impress upon management the need for change or ultimately to support a takeover where appropriate. Should efforts be unsuccessful, we may de-approve and divest our investments in the company. Where we vote against company management we write to the company in question explaining our reasons for doing so and seeking further engagement as appropriate.</p>
3c	<p><b>Who undertakes Engagement on behalf of the fund (internal and/or service providers)?</b></p> <p>Engagement work is done entirely internally by the investment team. As described above, we will though collaborate with other fund managers in engaging with companies as we have found that this helps us attract management attention to the issues that we are concerned with.</p>
3d	<p><b>Does (do) the fund(s) have a specific voting policy integrating ESG criteria?</b></p> <p>Yes in the context of our Stewardship Disclosure statement which is available at <a href="http://www.whebgroupp.com/media/2014/09/201409-Stewardship-code-disclosure-statement.pdf">http://www.whebgroupp.com/media/2014/09/201409-Stewardship-code-disclosure-statement.pdf</a></p>
3e	<p><b>Does (do) the fund(s) engage in securities lending activities?</b></p> <p>No, we do not do securities lending.</p>
3f	<p><b>Does (do) the fund(s) use derivative instruments?</b></p> <p>No</p>
3g	<p><b>Is a share of the fund(s) invested in unlisted entities pursuing strong social goals?</b></p> <p>No, we do not invest in unlisted securities.</p>
<b>4. Controls and ESG Reporting</b>	
4a	<p><b>What internal/external control procedures are in place to ensure the compliance of the portfolio with the ESG rules defined in section 3 of this Code?</b></p>

	<p>We have both an internal Investment and Risk Committee as well as an external independent Investment Advisory Committee that help ensure compliance of the portfolio our ESG rules and policies.</p> <p>The investment team reports to the Investment and Risk Committee, which is formally responsible for managing investment risk at WHEB Asset Management and meets with the investment team once a month. The Investment and Risk Committee comprises George Latham (Managing Partner and CIO) and Geoff Hall (Non-Executive Chairman).</p> <p>A full risk pack is generated in advance of each monthly Investment and Risk Committee meeting. The risk pack contains traditional measures of risk for managing absolute and relative risk relative to the market, but the committee also reviews fund holdings and interrogates the investment team to understand and test the extent to which individual fund holdings meet the sustainability and ESG policies for the fund. This includes as a regular agenda item a thorough analysis of at least one stock held in the portfolio.</p> <p>In addition, our independent Investment Advisory Committee meets quarterly and fulfils two key functions: it provides insight into global macro-economic and equity market conditions, and holds the team to account over the integrity of the fund's holdings from a sustainability and ESG perspective. Its findings in relation to the integrity of the holdings are advisory, although there is an expectation that the team will follow their guidance (for example if the committee determines that an investee company's profile and activities is not a suitable investment for the fund). As part of our commitment to greater accountability and transparency, we publish the summarised minutes of the Investment Advisory Committee's quarterly meetings on our website.</p> <p>Members of the Investment Advisory Committee are:</p> <ul style="list-style-type: none"> <li>• Geoff Hall (Chairman)</li> <li>• Ingrid Holmes (Director at E3G)</li> <li>• Mike Clark (Ario Advisory and former Director of Responsible Investment at Russell Investments)</li> <li>• Rachel Crossley (Independent Sustainability consultant)</li> <li>• Clare Brook (CEO, BlueMarine Foundation)</li> <li>• Kelly Clarke/Jamie Arbib (Tellus Mater Foundation)</li> </ul> <p>For more information on the Committee see <a href="http://www.whebgroup.com/investment-strategies/listed-equity/team/">http://www.whebgroup.com/investment-strategies/listed-equity/team/</a>. Summary minutes of the meetings are available at <a href="http://www.whebgroup.com/investment-strategies/listed-equity/fund-governance/investment-advisory-committee-minutes/">http://www.whebgroup.com/investment-strategies/listed-equity/fund-governance/investment-advisory-committee-minutes/</a></p>	
4a	<p><b>State who is carrying out the controls, their frequency and within which timeframe the fund(s) have to comply should a breach be detected.</b></p> <p>Should a breach of ESG criteria be detected, the fund manager has a maximum of three months to sell the holding in the portfolio.</p>	
4b	<p><b>Please list all public media and documents used to inform investors about the SRI approach to the fund, and include links as appropriate:</b></p> <ul style="list-style-type: none"> <li>• Responsible Investment policy of the Company - <a href="http://www.whebgroup.com/media/2013/11/WHEB-Group-Responsible-Investment-Policy.pdf">http://www.whebgroup.com/media/2013/11/WHEB-Group-Responsible-Investment-Policy.pdf</a></li> <li>• Dedicated SRI web page(s) at company/fund level - <a href="http://www.whebgroup.com/">http://www.whebgroup.com/</a></li> <li>• Detailed fund holdings (no more than 6 months old) – <a href="http://www.whebgroup.com/investment-strategy/fp-wheb-sustainability-fund/fund-holdings/">http://www.whebgroup.com/investment-strategy/fp-wheb-sustainability-fund/fund-holdings/</a></li> <li>• Engagement/voting policy/votes - <a href="http://www.whebgroup.com/media/2014/09/201409-Stewardship-code-disclosure-statement.pdf">http://www.whebgroup.com/media/2014/09/201409-Stewardship-code-disclosure-statement.pdf</a> (engagement policy in Stewardship Code Disclosure Statement), voting and engagement activity detailed in quarterly reports at <a href="http://www.whebgroup.com/investment-strategies/listed-equity/fund-governance/engagement-and-voting-records/">http://www.whebgroup.com/investment-strategies/listed-equity/fund-governance/engagement-and-voting-records/</a></li> <li>• Summary minutes from the meetings of the Independent Investment Advisory Committee – <a href="http://www.whebgroup.com/investment-strategy/fund-governance/investment-advisory-committee-minutes/">http://www.whebgroup.com/investment-strategy/fund-governance/investment-advisory-committee-minutes/</a></li> <li>• UN-PRI Assessment report and questionnaire – <a href="http://www.whebgroup.com/investment-strategy/fund-governance/unpri-transparency-report/">http://www.whebgroup.com/investment-strategy/fund-governance/unpri-transparency-report/</a></li> <li>• Annual Impact Report - <a href="http://www.whebgroup.com/media/2017/05/WHEB-Impact-Report-2016-1.pdf">http://www.whebgroup.com/media/2017/05/WHEB-Impact-Report-2016-1.pdf</a></li> <li>• Fund Fact Sheet - <a href="http://www.whebgroup.com/investment-strategies/listed-equity/fp-wheb-sustainability-fund/factsheets/">http://www.whebgroup.com/investment-strategies/listed-equity/fp-wheb-sustainability-fund/factsheets/</a></li> <li>• KIID - <a href="http://www.wayfundmanagers.co.uk/fund/wheb-asset-management/">http://www.wayfundmanagers.co.uk/fund/wheb-asset-management/</a></li> <li>• Link to the research findings that are available to investors – Various through website <a href="http://www.whebgroup.com">www.whebgroup.com</a></li> <li>• Prospectus - <a href="http://www.whebgroup.com/media/2015/01/FP-WHEB-Asset-Management-Funds-Prospectus-20141020.pdf">http://www.whebgroup.com/media/2015/01/FP-WHEB-Asset-Management-Funds-Prospectus-20141020.pdf</a></li> </ul>	
<p><b>5. Additional</b></p>		
5	<p><b>If applicable, specify the amount of donations and the percentage of management fees that the fund gave to charities in the last year.</b></p>	<p>Please state the amount as appropriate.</p>

## **EUROSIF classification of ESG strategies**

### *Sustainability Themed Investment*

Definition: Investment in themes or assets linked to the development of sustainability. Thematic funds focus on specific or multiple issues related to ESG.

Comment: Sustainability themed investments inherently contribute to addressing social and/or environmental challenges such as climate change, eco-efficiency and health. Since 2008, funds are required to have an ESG analysis or screen of investments in order to be counted in this approach.

### *Best-in-Class Investment Selection*

Definition: Approach where leading or best-performing investments within a universe, category, or class are selected or weighted based on ESG criteria.

Comment: This approach involves the selection or weighting of the best performing or most improved companies or assets as identified by ESG analysis<sup>7</sup>, within a defined investment universe. This approach includes Best-in-Class, best-in-universe, and best-effort.

### *Norms-based Screening*

Definition: Screening of investments according to their compliance with international standards and norms.

Comment: This approach involves the screening of investments based on international norms or combinations of norms covering ESG factors. International norms on ESG are those defined by international bodies such as the United Nations (UN).

### *Exclusion of Holdings from Investment Universe*

Definition: An approach that excludes specific investments or classes of investment from the investible universe such as companies, sectors, or countries.

Comment: This approach systematically excludes companies, sectors, or countries from the permissible investment universe if involved in certain activities based on specific criteria.

Common criteria include weapons, pornography, tobacco and animal testing. Exclusions can be applied at individual fund or mandate level, but increasingly also at asset manager or asset owner level, across the entire product range of assets. This approach is also referred to as ethical- or values based exclusions, as exclusion criteria are typically based on the choices made by asset managers or asset owners.

### *Integration of ESG Factors in Financial Analysis*

Definition: The explicit inclusion by asset managers of ESG risks and opportunities into traditional financial analysis and investment decisions based on a systematic process and appropriate research sources.

Comment: This type covers explicit consideration of ESG factors alongside financial factors in the mainstream analysis of investments. The integration process focuses on the potential impact of ESG issues on company financials (positive and negative), which in turn may affect the investment decision.

### *Engagement and Voting on Sustainability Matters*

Definition: Engagement activities and active ownership through voting of shares and engagement with companies on ESG matters. This is a long-term process, seeking to influence behaviour or increase disclosure.

Comment: Engagement and voting on corporate governance only is necessary, but not sufficient to be counted in this strategy.