Solutions in a time of crisis

Annual Impact Report
Jan — Dec 2019

WHEB

impact.whebgroup.com

A note on data

The data provided in this report was collected during March and April 2020 and covers the period 1 January – 31 December 2019. In certain cases where companies had yet to report 2019 data, we have used data from the prior year. The content and data in this report were correct as at 31 December 2019 and have not been updated since.

Contents

Executive Summary

In a time of crisis, the world needs companies that can provide solutions. This report is first and foremost our annual account of how the companies in WHEB's investment portfolio are providing these critical solutions.

Tracing its roots from deep within the UK's sustainable and impact investing community, WHEB has one of the longest established impact investment strategies in listed equities. We chart the timeline from the foundation of the strategy in 2005 to the present day in section 1 of this report. We also report in section 7 on WHEB's own sustainability performance including our commitment to achieve net zero carbon emissions by 2025.

The core of the report is focused on the performance of the strategy during 2019. Section 2 describes the investment returns delivered by the strategy over the year. At their source, these returns are fuelled by the positive impact of the products and services sold by portfolio companies. 100% of these companies deliver positive impact. In section two we also quantify this positive social and environmental impact and map each investment against the UN Sustainable Development Goals.

Mapping positive impact is only the first step. Understanding the different dimensions of impact is the new frontier. We describe a new approach – the 'impact engine' – that assesses five dimensions of impact and sits at the heart of our investment process. We also provide an updated version of our impact calculator in section 3. Further detail on our peer reviewed methodology for calculating impact in available on our website **impact.whebgroup.com**

The transition to a zero carbon economy is creating enormous investment opportunities. We describe how WHEB's investment strategy is positioned both to enable and benefit from these changes. The scale of the transition also creates investment risks. We describe some of these risks and quantify the scope 1, 2 and 3 emissions associated with the strategy in section 4.

Wider environmental, social and governance (ESG) performance is covered in section 5 along with our engagement and voting activity in section 6.

We work hard to win the trust and support of our clients and other stakeholders. But we recognise that evidence is needed to substantiate any claim that is made. This year we have sought to buttress our commentary and data with independent validation. Our independent Advisory Committee has supplied a review statement that we detail in Section 8. We've also included independent observation and data from third parties throughout the report.

The world is in a period of enormous change. The private sector has a critical role to play in providing solutions that support positive social and environmental outcomes. The final section of this report sets out our thoughts on what the years ahead will likely have in store.

"The transition to a zero carbon economy is creating enormous investment opportunities."

Who we are

Investment Team

Ted Franks, CA, CFA
Partner & Fund Manager

Seb Beloe, MSc, DiC, CEnv
Partner & Head of Research

Ty Lee, CFA
Associate Fund Manager

Ben Kluftinger, PhD, CFA
Senior Analyst

Business Development

Libby Stanley
Business Development Manager

Libby Stanley
Business Development Manager

Management and Investment and Risk Committee

George Latham, ASIP
Managing Partner & CRO

Geoff Hall, MA ASP
Non-Executive Chairman

Compliance and Operational Support

Laura Grenier
Finance, Compliance & Operations Manager

Greg Hooker
Operations Associate

Katie Woodhouse
Data Analyst

Section One

WHEB Asset Management

Introduction

Welcome to WHEB's 6th Impact report. Our 2019 report is compiled during the Spring of 2020 as prior year data becomes available. So this is being written under the extraordinary circumstances of 'lockdown' during the COVID-19 global pandemic. These are unprecedented and turbulent times for global economic activity, stock markets and for all of us personally.

Even before the world was gripped by the pandemic crisis, the fragile relationship between humanity and the environment had been laid bare by the dramatic Australian bushfires. On a global scale, the public has become increasingly engaged on sustainability challenges, demonstrated by the Extinction Rebellion protests and the rise to prominence of Greta Thunberg and the school climate strikes.

During the year we saw the rapid adoption of net zero carbon targets by governments including the UK and the EU. A growing band of large corporations, several in WHEB's portfolio, have also set significant carbon reduction targets. But 2019 also saw disappointment, perhaps most notably in the lack of significant progress at the COP25 climate summit in Madrid.

Against this backdrop, the impetus behind sustainable finance has grown rapidly. The rapidly growing interest in Environmental, Social and Governance (ESG) investing has led some to talk of an 'ESG stampede'. The bursting of the the technology bubble in the early 2000's and the global financial crisis of 2008 were both serious setbacks for sustainable investing, not least because clean technology stocks were significantly impacted. By contrast, in the current market turmoil, many investors are looking towards sustainability for stability and resilience.

At WHEB we continue to develop and improve our investment strategy as we have always done over the 15 years of our history. In this year's report, we feature a major advance with the development of WHEB's 'impact engine'. This research tool enables the team to analyse and evaluate the positive impact of existing and potential investments at a far more granular level.

We have expanded our work in evaluating the carbon footprint of the portfolio, and this year have invited the Carbon Trust to conduct a review of our impact measurement methodology.

Impact analysis and reporting remains an emerging discipline. Our ambition to break new ground remains undimmed. But we will continue to do so in a transparent way; sharing the learnings of our work. If this helps create new competition, then we will have amplified WHEB's own impact by growing the market overall.

George Latham
Managing Partner, WHEB Asset Management

WHEB's Impact Journey

WHEB's investment strategy draws its roots from deep within the wider ethical, socially-responsible and impact investing movement. Originally developed by pioneers in this community, our investment strategy was launched in 2005 as the 'Industries of the Future' strategy.

With a track-record stretching back over fifteen years, the last eight of which at WHEB, our strategy is one of the longest established sustainability strategies on the market. This is our timeline.

2005

- Industries of the Future strategy launched with George Latham
- First carbon audit done on the Industries of the Future strategy

2008

- Seb Beloe joins George Latham as Head of Sustainable and Responsible Investment (SRI) Research on the Industries of the Future Strategy

2009

WHEB Asset Management was founded. Fund Manager Ted Franks was part of the founding team

2012

- Relaunch of WHEB investment strategy
- George Latham and Seb Beloe join

- First, and still, we believe the only asset manager to publish minutes of Investment Advisory Committee meetings

2013

- Strategy listed on the Global Impact Investing Network (GIIN) database

2014

- Awarded RSMR[2] SRI Rating
- Accepted submission to the European SRI Transparency Code
- Awarded Ethical Consumer Best Buy Label

2014–15

Published first Impact Report – first listed equity manager to do so

2015

- WHEB hosts first Annual Investor Conference including open question session with partners
- 5 star rating from 3D Investing
- WHEB adopts the Association of Member Nominated Trustees Red Lines Voting Guidelines

2016

- Certified as a B Corporation
- Assets under management reach £100m
- Achieved top scores in the UN Principles for Responsible Investment assessment
- One of first asset managers to report using the TCFD[1] recommendations

2017

- First asset manager to create an ‘Impact Calculator’

- Launch of Pengana WHEB Sustainable Impact fund for the Australian market
- WHEB moves to current offices at 7 Cavendish Square

2018

- Assets under management reach £250m
- First listed asset manager to quantify positive social impact
- WHEB wins Impact Champion in asset manager category at Worthstone’s Social Investment Academy
- WHEB wins awards at Investment Week’s Sustainable & ESG Investing Awards for the third year running

2019

- WHEB wins three institutional accounts including first Local Government Pension Scheme mandate
- Assets under management reach £445m
- WHEB becomes founding member of The Big Exchange
- WHEB features in B Corp’s ‘Best for World’ list for the third year running. In 2019, we were the only UK B Corp to be top in four categories
- WHEB is a founding supporter of the Business Declares network and commits to being a Net Zero Carbon business by 2025
- Awarded 5 Globes Morningstar Sustainability Rating

Section Two

WHEB Sustainability Investment Strategy

2019 FP WHEB Sustainability Fund performance in review

2019 was a good year for value creation. The principal "C" share class of the FP WHEB Sustainability Fund returned 21.0%, the second-best year in the strategies fifteen-year history.

One of the core strengths of our investment strategy is its diversity. We provide diversified exposure to the most attractive sustainability themes and subthemes.

The sustainability challenges the world faces are so great, that over the long term, all of our themes have significant growth potential. In any single year, they progress at different rates. In 2019, all but two of our nine headline themes showed a positive return.

Strong performance in Resource Efficiency

The greatest advances were in our largest theme, Resource Efficiency, and also in the Environmental Services, Sustainable Transport, and Safety.

Ansys, in our Resource Efficiency theme, enjoyed a stellar year. The momentum behind its design simulation products is growing and growing. Increasing interest in sustainable materials lifted DSM and Smurfit Kappa; both are in our Environmental Services theme. Expectations for electric vehicles drove big gains in Hella and Aptiv, in our Sustainable Transport theme.

More mixed performance in Health

2019 was a more mixed year for our second-largest theme, Health.

Our life sciences tools companies Danaher, Agilent and Thermo Fisher, continue to thrive. Global enthusiasm for scientific research of all types remains at fever pitch. On the other hand, the changing future of US healthcare created uncertainty. Some of our healthcare services stocks were affected. They include Centene, HMS Holdings and Premier.

Stock specific challenges

The two themes that actually fell in 2019 were Cleaner Energy and Education. These are smaller themes, with four positions between them; three of them suffered stock-specific challenges in the year. Those three were TPI Composites, China Everbright International and Grand Canyon Education. Our long-term conviction in the growth opportunity, and those companies, is unchanged.

> "WHEB executes its mission in the most authentic way, and is a rare organisation that combines acumen and integrity across all aspects of its business."
>
> Adam Myers, Executive Director, Pengana Capital

A strong year for Consumer Technology

Notably, while sustainability investing did create value in 2019, it was not alone. A small number of very large consumer technology stocks now account for a significant proposition of global equity indexes. Alphabet, Amazon, Apple, Facebook and Microsoft make up 13.2%[3] of the MSCI World index.

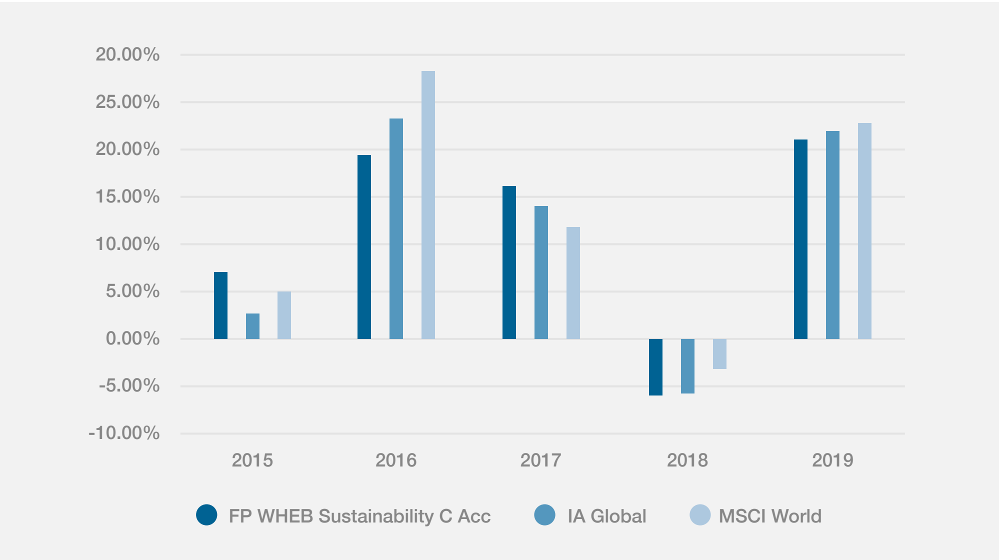
We don't invest in any of these companies as we don't believe they are solving sustainability challenges. But they were a key driver in taking the MSCI World Index, one of our two benchmarks, up 22.7%. Our other benchmark, the Investment Association's Global peer group median, returned 21.9% (see figure 1 below).

Looking ahead

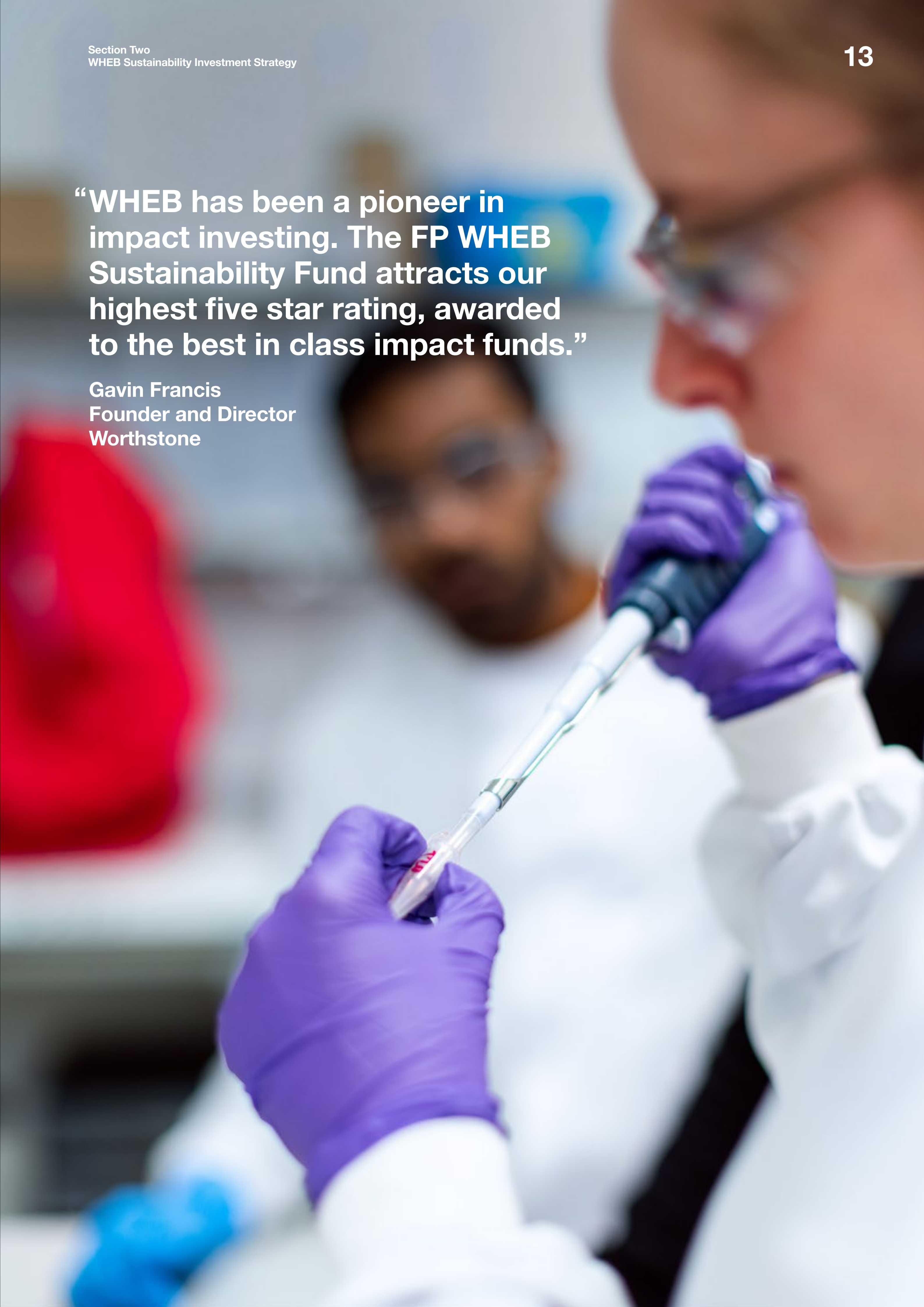
Overall, 2019 was a year in which genuine sustainability solutions did prosper. But an improvement in the global policy backdrop would accelerate growth even from here. However, there are significant macroeconomic crosswinds. Nationalism and de-globalisation continue to grow.

Our companies naturally fit a co-operative world. But they can thrive even if supply chains are broken. Sustainability won't necessarily be the single best investment area in any specific year. But as a long-term trend, it remains as impossible to ignore as the challenges it addresses.

Figure 1: FP WHEB Sustainability Fund vs. IA Global vs. MSCI World (2015-2019)[4]



> "Alphabet, Amazon, Apple, Facebook and Microsoft make up 13.2%3 of the MSCI World index."



“WHEB has been a pioneer in impact investing. The FP WHEB Sustainability Fund attracts our highest five star rating, awarded to the best in class impact funds.”

Gavin Francis
Founder and Director
Worthstone

WHEB and the UN Sustainable Development Goals (UN SDGs)

WHEB's nine investment themes cover a wide range of products and services as illustrated in Figure 2 below. As at the end of December 2019, there were 52 investments in the strategy with each company categorised into one of the nine sustainable investment themes[5].

Figure 2: Delivering positive impact in support of the UN Sustainable Development Goals

	WHEB INVESTMENT THEMES			
	Cleaner Energy	Sustainable Transport	Resource Efficiency	Environmental Services
Indicative areas of business activities	- Renewable energy technologies - Renewable energy generation	- Intermodal and rail transport - Less polluting road transport (eg bicycles, hybrid and electric vehicles)	- Energy efficiency products - Efficient buildings - Efficient lighting - Efficient manufacturing - IT to improve efficiency	- Environmentally preferable products - Environmental consulting - Pollution control
Portfolio holdings	- China Everbright International Ltd. - TPI Composites Inc.	- Aptiv plc. - Hella KGaA Hueck & Co. - Infineon Technologies AG - JB Hunt Transport Services Inc. - Norma Group - TE Connectivity Ltd. - Wabtec Corp.	- AO Smith Corp. - Ansys Inc. - Daifuku Co. Ltd. - Daikin Industries Ltd. - IPG Photonics Corp. - Johnson Controls International - Keyence Corp. - Kingspan Group - Kion Group - Lennox International - Nitto Denko Corp. - Renishaw plc. - Roper Technologies Inc. - Spectris plc.	- Horiba Ltd. - Koninklijke DSM NV - Linde plc. - Smurfit Kappa plc.
Positive impact in 2019	300,000 MWh of renewable energy			59,000 tons of waste recovered or recycled
	320,000 tons of CO_2e avoided			
	UN SUSTAINABILITY GOALS			
Supporting 7 SDGs SUSTAINABLE DEVELOPMENT GOALS	7 AFFORDABLE AND CLEAN ENERGY	11 SUSTAINABLE CITIES AND COMMUNITIES	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	12 RESPONSIBLE CONSUMPTION AND PRODUCTION

During 2019, we calculated that the strategy was associated with a positive impact equivalent to:

- **320,000 tons** CO_2e avoided[6]
- **300,000 MWh** renewable energy generated
- **59,000 tons** of waste recovered or recycled
- **4 billion litres** of waste water treated
- **7.5 billion litres** of water cleaned for reuse
- **61,000 people** reached with healthcare
- **26,600 people** with healthier lives through preventative care
- **£29 million** of healthcare costs saved
- **71,000 days** of education provided

These impacts stem from the use of the products and services supplied by companies held in the portfolio. They directly support seven of the UN's Sustainable Development Goals (SDGs) as illustrated in Figure 2 below. The remaining ten SDGs are high-level societal goals that are primarily influenced by governmental actions. Companies held in WHEB's investment strategy also contribute to these wider goals through their own operations.

We highlight examples of how companies support these wider objectives on our impact website:

impact.whebgroup.com

WHEB INVESTMENT THEMES

Water Management	Health	Well-being	Safety	Education
- Efficient water use - Waste water treatment - Fresh water provision	- Research and diagnostics - Cutting costs in healthcare - Therapies for ageing demographics - Tackling obesity - Preventative care	- Residential care for the elderly - Hearing, vision and oral health - Fitness	- Products making people safe - Making products safe	- Tertiary education
- Advanced Drainage Systems Inc. - China Water Affairs Group Ltd. - Ecolab Inc. - Xylem Inc.	- Agilent Technologies Inc. - Centene Corp. - Cerner Corp. - CSL Ltd. - CVS Health Corp. - Danaher Corp. - Fresenius SE - Hikma Pharmaceuticals plc. - HMS Holdings Corp. - ICON plc.	- The Cooper Companies Inc. - Orpea Group - Tivity Health Inc.	- Intertek Group Plc - Littelfuse Inc. - MSA Safety Inc.	- Grand Canyon Education Inc
4bn litres of waste water treated	**26,600 people benefited from preventative care and/or healthy living programmes**			**71,000 days of tertiary education**
7.5bn litres of water cleaned for reuse	**61,000 people received healthcare treatment £29 million of healthcare costs saved**			

UN SUSTAINABILITY GOALS

Water Management	Health / Well-being / Safety	Education
6 CLEAN WATER AND SANITATION	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION

Section Three

Assessing Impact

The Impact Engine

All products and services have an impact. For some, it is a negative impact – harming or undermining the social and environmental systems on which life depends. For others, the impact is positive, helping to support or even restore these systems. At WHEB, we believe that understanding and assessing 'impact' is becoming a third dimension of investment expertise alongside established disciplines in assessing investment risk and return.

In 2019, WHEB developed the 'impact engine'; a new analytical tool to rate the impact 'intensity' of the products and services offered by companies. This tool is intended to capture the different dimensions of positive impact that are created by products and services. It builds upon earlier work at WHEB as well as the pioneering work of others in the market.[7]

The impact engine serves as a key input into our investment decision-making, formalising the impact 'intentionality' of each investment. The key dimensions of impact that we capture in the impact engine are briefly described in the table below.

Figure 3 Dimensions of impact

1. Who is the client and how vulnerable are they?	How vulnerable or underserved is the client purchasing the product or service (ranging from well-served/resilient to under-served/vulnerable)?
2. How critical is the impact to the client's future fitness?	How important is the impact to the client's survival or future fitness (ranging from beneficial but non-critical to meeting a critical need)?
3. How central is the product or service in delivering the impact?	How 'dominant' is the product/service contribution in making the change happen (ranging from enabling to directly delivering the outcome)?
4. How large is the positive impact?	How large is the impact compared to what would otherwise have happened (ranging from 'incremental' to 'breakthrough')?
5. How unique is the company's contribution?	How likely would the outcome have been without the company's contribution (ranging from a minor to a major contribution)?

The Impact Map

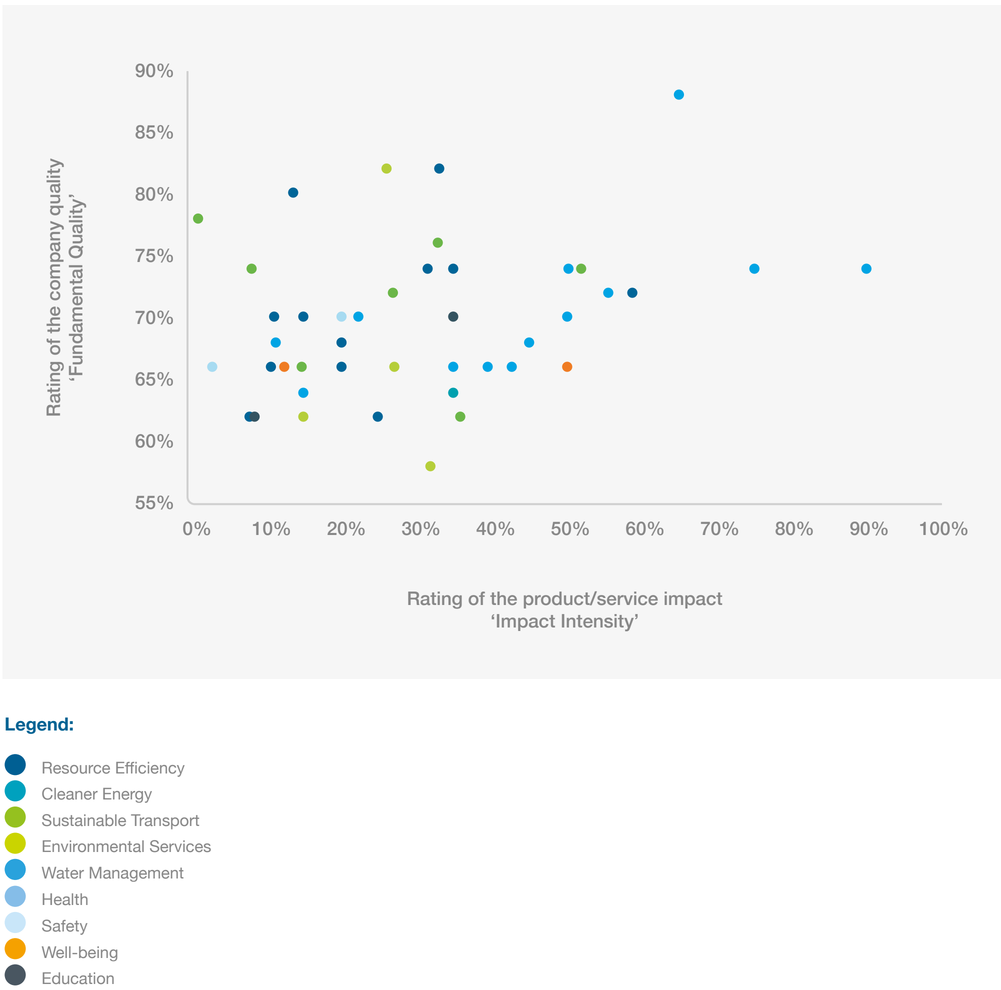
The impact rating tool is directed at assessing the impact intensity of products and services: what a company does. A second step in the investment process assesses the operational quality of the business: how it operates. This analysis considers different aspects of operational quality including a company's competitive position, the quality of the management team and how the company manages critical ESG issues. This analysis generates an overall quality rating.

The two dimensions are plotted together on an 'Impact Map' illustrated in Figure 4 showing the fundamental quality rating on the y-axis and the impact intensity rating on the x-axis. Only companies with a positive impact are considered for investment. More than 80% of listed companies receive negative scores in the impact engine and are not candidates for investment.

The chart shows the positioning of companies held in WHEB's investment strategy at the end of 2019. Over time our ambition is to migrate the portfolio towards the top right-hand quadrant of the chart. We see this as a key ingredient in our commitment to deliver superior financial returns over the long-term.

For further information on the methodology behind the impact mapping please see the Methodology document on the impact website **www.impact.whebgroup.com/methodology**. A full interactive version of the impact map is available at **www.impact.whebgroup.com/impact-map/**

Figure 4: Impact map - portfolio holdings (2019)



Theme Focus: Health

Demand for more and better healthcare affects both developed and emerging economies and is growing at around 5% per year.[8] Growing demand is matched by growing pressure on healthcare budgets. Over 10% of global GDP is spent on healthcare.[9] In the US, per capita spending is over US$12,000 while in Pakistan, it is just $45.[10]

WHEB's focus is on healthcare companies that help reduce the cost of healthcare, support the research and development of new therapies and target major global diseases.

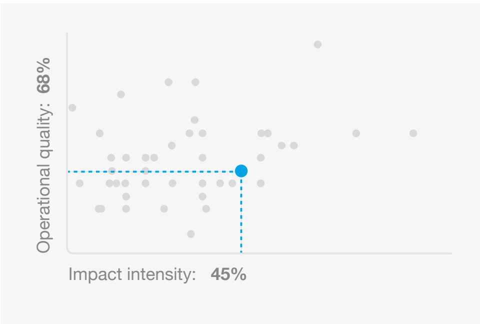
Research and diagnostics

Better research tools and diagnostics are a key foundation for the development of more and better healthcare. The critical role of faster and more accurate diagnostic testing and research tools in enabling better healthcare has been powerfully highlighted by the COVID-19 pandemic.

Case Study: Thermo Fisher Scientific Inc.

Thermo Fisher Scientific is the one of the world's leading suppliers of analytical instruments, software and services for research, analysis and diagnostics in the healthcare industry. The company also serves customers in safety and environmental fields. 100% of the company's revenues meet WHEB's sustainability criteria.

The company's mission is 'to make the world healthier, cleaner and safer'. They have been at the forefront of the industry in developing faster and better diagnostic tests and more accurate and faster research tools. In combating the COVID-19 outbreak the company was one of the first to mass produce testing kits. The company's equipment has also been used in efforts to develop vaccines for the virus.



Engagement

We've written to the Chairman of Thermo Fisher's board about several aspects of the company's governance that we are unhappy with. In 2019 we wrote to the company encouraging them to prioritise the appointment of more female board directors. With just 17% of board directors being female, we consider this to be too low and we voted against the re-election of the Chairman at the Annual General Meeting. We have also voted against management due to an insufficient proportion of independent board directors, excessive CEO remuneration and no incentive linked to performance on ESG issues.

> "Nearly 50 countries have authorized the use of our PCR[11]-based COVID-19 diagnostic test. We're now producing more than 5 million of these tests per week."[12]

Marc Casper, CEO, Thermo Fisher Scientific Inc. (17th March 2020)

Theme Focus:

Resource efficiency

Resource – and specifically energy – efficiency is often described as the ‘Cinderella’ of action on climate change. It is unglamorous, underappreciated but essential. Alongside low carbon power and transport, increased resource efficiency is the third major pillar in global greenhouse gas (GHG) reduction scenarios. Over one-third of usable energy in commercial, residential and industrial applications is wasted.[13]

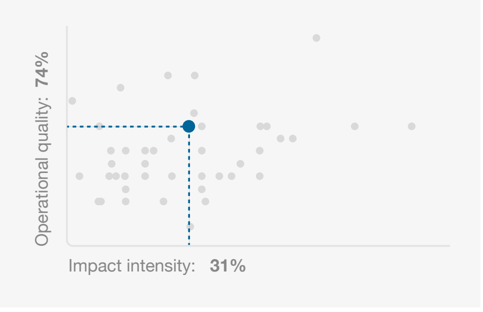
WHEB’s focus is on technologies that increase the efficient use of energy and resources in residential and commercial buildings, and in manufacturing processes, by using software and artificial intelligence and through the use of energy efficient products.

Energy efficient buildings – more efficient heating, ventilation and air conditioning

Buildings were responsible for 28% of global energy-related GHG emissions in 2018.[14] What is more, people will need more heating, ventilation and air conditioning (HVAC) in a warming world. 2.3 billion people could be exposed and vulnerable to heatwave events with just 1.5°C of global warming; a threshold that could be reached within the next ten years.[15] In many places access to sustainable cooling is a necessity. But it is also essential that these HVAC systems are as efficient as possible and powered by renewable energy.

Case Study:
Daikin Industries Ltd.

The core business of Daikin Industries is in manufacturing energy-efficient air conditioning and refrigeration equipment. Using inverters, lower impact refrigerants and more embedded intelligence, Daikin HVAC systems are typically 20-30% more energy efficient than competing systems. With over a third of sales in emerging markets in Asia and Africa, the company is well-placed to ensure burgeoning demand in these regions is satisfied with high efficiency equipment.



Engagement

During 2019 our engagement with Daikin focused on gender diversity and the company's climate targets. In common with many Japanese companies, there is a lack of women in senior leadership roles at the company. We have written to the company encouraging them to adopt more demanding targets in order to accelerate progress on this issue.

With regard to climate targets, WHEB is working alongside the Climate Action 100+ initiative to encourage Daikin to formulate a robust approach to GHG emission reductions.[16] The company has already committed to a target of net zero GHG emissions by 2050. We are keen to see clear targets by 2030 that also include the full impact of the GHG emissions associated with the use of their products.

It is also essential that the company uses its influence in public policy to advocate for higher efficiency standards and more renewable power wherever it operates.

"Daikin's products contributed to the avoidance of 67 million tons of CO_2e emissions in 2019."[17]

Daikin Annual Report, 2019

Theme Focus: Environmental services

Sustainable development is not just about climate change. Reducing pollution, embracing ‘circular’ business models, developing lower toxicity materials and fostering biodiversity are all critical elements in a more sustainable economy.

WHEB’s Environmental Services theme is directed at businesses and technologies that enable more sustainable resource use including through environmental consulting services, waste management and recycling, low impact materials and pollution control and monitoring.

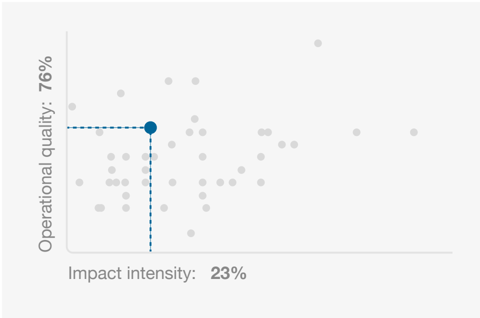
Low impact materials

‘Waste’ is not a concept that exists in natural ecosystems. In nature, one organism’s waste is another’s raw material. To be genuinely sustainable, human systems must replicate this circularity. In 2018, 2.01 billion metric tons of municipal solid waste (MSW) were produced worldwide.[18] On current trends this figure is expected to increase to 3.40 billion metric tons by 2050.[19] The development of new materials that have low toxicity and are inherently recyclable will play a key role in enabling a significant increase in recycling and reuse, and a reduction in waste.

Case Study:
Koninklijke DSM N.V.

DSM is a science-based company that supplies raw materials that improve efficiency and reduce environmental impacts in the fields of health, nutrition and materials. The company derives nearly two-thirds of its revenues from 'Brighter Living Solutions'. These products provide explicit benefits to human or planetary health and meet WHEB's sustainability criteria.

Among DSM's products is Decovery®, a plant-based resin used in lower impact paints. Niaga® is a solvent-free resin that enables 100% recycling of carpets and mattresses. The company also takes waste materials such as disused fishing nets and turns them into Akulon®, a high-performance polymer used in sports equipment. Veramaris® is a new fish food that is made from algae instead of the wild fish that are typically used.



Engagement

We believe that the directors of public companies ought, at a minimum, to stand for re-election at least every two years. DSM's directors serve a term of four years which we believe is too long. We have voted against management on this basis and written to explain these concerns.

We have also engaged the company on the use of some of their products in fishing nets and the positive role the company can play in reducing the negative impacts of abandoned fishing equipment on marine life.

> "DSM products sold in 2019 contributed to an estimated avoided emissions of 27.5 million tons of CO_2e."[20]

Royal DSM Integrated Annual Report, 2019

WHEB's impact calculator

Over more than a decade, we've built up a database of companies that sell products and services that deliver positive impacts across different social and environmental issues. We identify those companies which we think are best placed to deliver strong financial returns from this positive impact. Clients provide us with their savings or pension money which we invest in the shares of these companies.

It is important to make clear that, as investors, neither WHEB nor our clients 'own' this positive impact. In a real sense, it is not even 'owned' by the companies that WHEB invests in. It is visible instead in the impact of the ultimate user of the product or service: the owner of the electric vehicle, the homeowner who buys renewable power or the hospital that delivers life-saving therapies. These are the individuals or institutions that generate the positive impact by using these particular products and services.

As managers of our clients' money, our role is to ensure that these assets are invested in a way that enables and is aligned with these positive outcomes. It is also our role to clearly demonstrate to our clients and their advisors that this is the case. WHEB has a policy of being 'radically transparent'. We publish a full list of the companies in the WHEB strategy and explain how each fits with this strategy.

WHEB's impact calculator is a tool that is also intended to connect investors more tangibly with the role their money plays. It does this by illustrating how a given investment is aligned with a range of positive impacts created by the end user in the real world.

Calculating impact

WHEB relies heavily on investee companies to report the positive impacts associated with their products and services. We know that in almost all these cases, the companies are estimating rather than measuring what the real impact is. Without measuring the performance and behaviour of every individual who uses the product, an actual measurement would be impossible.[21] This year, 29 companies (representing 56% of the strategy) self-reported at least some data covering their performance in 2019. This represents a significant improvement on the 40% that self-reported data (covering performance in 2018).

In some cases, where companies do not report the data themselves, we have made our own estimates of the impact. This year we estimated impact data (covering performance in 2019) for 7 companies representing 14% of the fund. This compares with 21% that was estimated in last year's report (covering 2018 performance). The proportion of the strategy that has not been included in the impact calculation is now less than a third; down from 40% last year. This is a notable improvement. We actively engage with all investee companies to encourage more self-reporting. It is therefore pleasing to see the increased levels of self-reported data this year. We hope it will continue in future years.

Other improvements in the calculation methodology are described in a detailed methodology document. In addition, this year, the impact calculation methodology were pair reviewed by the Carbon Trust. These were found to be properly prepared on the basis of reasonable assumptions and estimates and formulated in line with recognised international best practices for impact reporting. A full version of the methodology, including The Carbon Trust's review statement, is available on the impact section of WHEB's website at **www.impact.whebgroup.com/methodology**

The positive impact associated with owning £1m in WHEB's investment strategy in 2019

CLEANER ENERGY

Generating
800 MWh
of renewable energy

equivalent to the annual energy needs of 50 European households.

RESOURCE EFFICIENCY

Avoiding
850 tons
of CO_2e emissions

equivalent to the energy use of an average European house for 64 years, saving £16,000 in avoided carbon costs[22].

WATER MANAGEMENT

Distributing
19.5m litres
of tap water for consumption

equivalent to the annual drinking water needs of 26,700 people.

WATER MANAGEMENT

Treating
11m litres
of waste water

equivalent to the total annual waste water generated by 98 European households.

ENVIRONMENTAL SERVICES

Recycling or recovering
154 tons
of waste materials

equivalent to the total waste produced by 140 European households per year, saving £14,000 in reduced landfill costs[23].

HEALTH

160 people
receiving healthcare treatment

and £49,000 of costs saved through more efficient healthcare systems.

WELL-BEING

69 people
benefitting from preventative care and/or healthy living programmes

saving £26,000 in avoided healthcare treatment costs[24].

EDUCATION

Students receiving
185 days
of tertiary education

supporting £4,000 of increased annual future earnings potential[25].

An interactive version of this impact calculator is available at **www.impact.whebgroup.com/impact-calculator/**

How impact has changed since last year

Year-on-year changes in performance are usually the result of changes in the underlying composition of the strategy. In 2019 for example, we sold our position in the wind turbine manufacturer Siemens Gamesa. This has resulted in a lower contribution to renewable energy generation during 2019. Equally, investing in the UK generic drugs manufacturer Hikma Pharmaceuticals significantly boosted the number of people receiving healthcare products or services supplied by companies in the strategy in 2019 compared to 2018.

Another significant change is in the amount of water treated and distributed. This has increased year on year due to the strategy having a larger position in China Water Affairs Group Ltd. The same is true for the number of people benefitting from preventative care, which has increased due to a larger position size in Tivity Health.

The strategy has also seen lower impact figures compared to last year in a couple of other categories. The reported tonnage of waste that has been recycled or recovered per £1 million invested has declined year on year. This was due to an error in our 2018 analysis.[26] A second category where we have seen a significant decline is in the costs saved in healthcare. This number is down year on year due to a more precise measure of impact from one of the strategy's holdings.

"Another significant change is in the amount of water treated and distributed. This has increased year on year due to the strategy having a larger position in China Water Affairs Group Ltd."

Section Four

Positioned for Net Zero Carbon

2019 was the year when the world finally got serious about climate change. While the issue has so far taken a back-seat in 2020 due to the COVID-19 pandemic, the urgency – and opportunity – to move to a zero carbon economy remains.

WHEB has been a leader in addressing climate change within the investment community. In 2016 we were among the first asset managers to report in-line with guidance from the Taskforce on Climate-related Financial Disclosures (TCFD). In 2019 we were a founding member of the 'Business Declares' network. WHEB has since formally recognised the climate emergency and committed as a business to achieving net zero carbon (NZC) emissions by 2025.[27]

Avoiding climate risk

From its inception, WHEB's investment strategy was designed to avoid both the physical and transition risks associated with climate change. The strategy has no exposure to fossil fuel reserves, no direct exposure to fossil fuel extraction or production or to coal, oil or gas power production. Even indirectly, exposure is minimal. We estimate that no more than 3% of total revenues to companies in the portfolio is derived from any of these end markets.

Analysis of the physical risk from climate change to investment portfolios is still developing. An initial evaluation of the WHEB strategy indicated that several companies are exposed to potential flooding in coastal regions. Transition risk, such as from higher carbon taxes, is most apparent in energy-intensive companies. Our regular carbon footprint analysis demonstrates that the strategy has relatively low exposure to such companies (see figure 5). Where energy use is significant, for example in companies such as Linde and Smurfit Kappa, we have developed engagement programmes to encourage these companies to further mitigate this risk.

Solutions to the climate crisis

WHEB's investment strategy is focused on those parts of the economy – such as renewable energy, energy efficiency, electric vehicles and water management – that are well-placed to benefit from the transition to a zero-carbon economy. For the companies held in our strategy, transition 'risk' is in many cases actually an opportunity. Our analysis reveals that collectively, companies in the WHEB Sustainability investment strategy sold products and services that help to avoid approximately 320,000 tCO_2e in 2019. This was equivalent to nearly 850 tCO_2e per £1m invested. Figure 5 details two portfolio companies that provide solutions to different aspects of the climate crisis.

Figure 5: Climate solutions - stock examples

Adapting to a changing climate

A changing climate is often experienced through a surplus or shortage of water. A warming climate is expected to lead to more intense rainfall and more flooding.

Advanced Drainage Solutions is a US manufacturer of Systems, fixtures and treatment systems to collect and manage stormwater. The company directly helps communities in the US adapt to climate change. It is also in the top five users of recycled plastic, which is the main material in their products.

Cutting greenhouse gas (GHG) emissions

'Electrify everything!' is often seen as a rule of thumb among climate change advocates. There are exceptions, but using decarbonised electricity is often an efficient way to reduce GHG emissions.

Electrifying transport, heating systems and other infrastructure require sophisticated semiconductors from companies like **Infineon**. Supplying manufacturers of electric vehicles (EVs), EV charging infrastructure, solar and wind power equipment as well as more efficient industrial equipment companies, Infineon's semiconductors are a key enabling technology for the zero-carbon economy.

The Carbon Footprint of WHEB's investment strategy

We've compared the portfolio's scope 1 and 2 greenhouse gas (GHG) emissions (those that come directly from a company's operations) with the equivalent emissions from the wider market for the last eight years of the strategy.[28] Data quality has been improving over this period, but still just over one-quarter of companies in the strategy do not report carbon emissions data. Using a more detailed estimation model,[29] we've estimated that in 2019 the strategy produced approximately 145 tons of CO_2e per £1m of revenues. This compares with 150 tons of CO_2e per £1m of revenues in the wider market, represented by the MSCI World.[30]

Over the course of the last few years, the carbon footprint of the MSCI World has got dramatically better, narrowing the gap with the WHEB investment strategy. This has been driven predominantly by the growing weight in the index of relatively low carbon consumer technology stocks and the shrinking weight of carbon intense sectors such as oil and gas and mining.

The performance of the strategy compared to the benchmark comes from two sources. The first contribution comes from the relative weighting given to different sectors in the economy ('sector allocation'). The strategy has no exposure to oil, gas or coal which helps reduce the carbon footprint of the strategy relative to the index. However, this positive allocation effect is more than outweighed by the strategy's heavy weighting in sectors like electrical equipment and construction materials which both have relatively high carbon footprints. The net effect is that the strategy's sector allocation is an overall negative for the total carbon footprint relative to the index.

However, the negative sector allocation is more than compensated for by the selection of companies with strong carbon performance relative to their sector peers ('stock selection'). Within the construction materials sector, for example, the strong stock selection more than outweighs the negative impact of the high allocation to this sector. The same effect is visible in the electrical equipment sector although the positive stock selection is not in this case sufficient to overcome the negative sector allocation effect.

Scope 3 GHG emissions

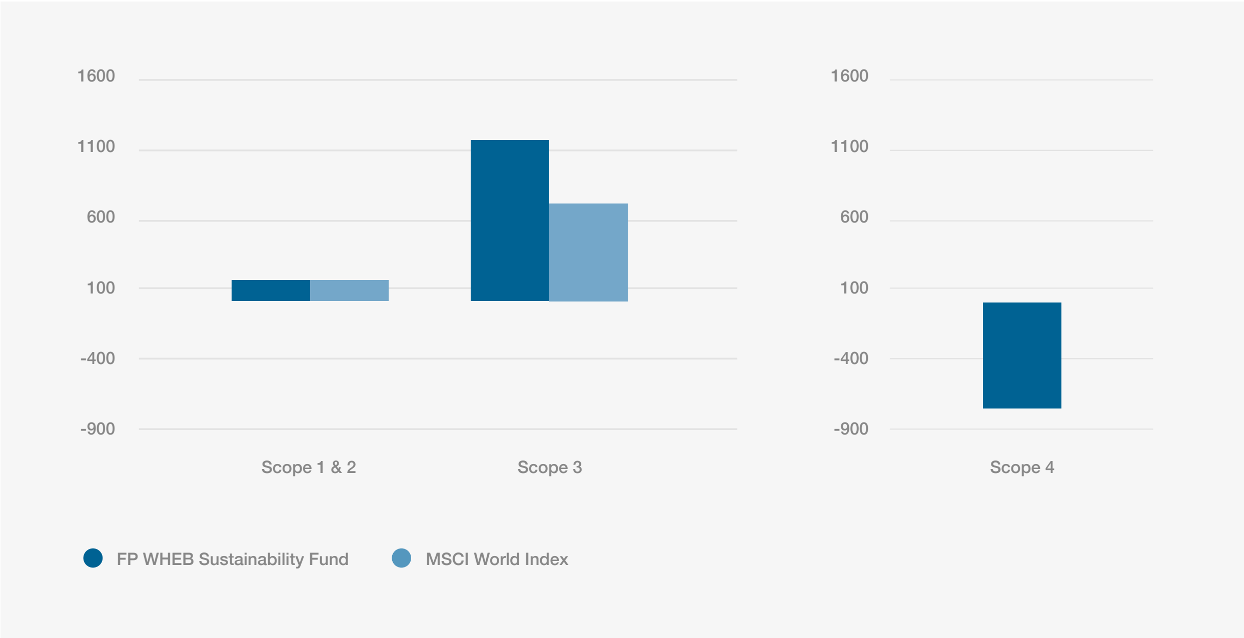
In order to provide a more complete picture, the third major element in the positioning of the portfolio is in its exposure to scope 3 GHG emissions. This category includes among other things, the emissions associated with purchased goods and services, and, critically, the emissions associated with the use of products and services sold by the company. The complexity of calculating scope 3 emissions, means that relatively few firms calculate this number. Of the companies held in WHEB's investment strategy, only 19 (37%) report this number.

Estimating scope 3 emissions for companies that do not report is also challenging because there is limited data on which to base these estimations. Nonetheless we have used data provided by an independent agency to estimate that the scope 3 emissions associated with the strategy are equivalent to c.950 tCO_2e per £1m invested in the strategy.[31] This compares with 600 tCO_2e per £1m invested in the benchmark.

These numbers are early and tentative estimates of the profile of the strategy. The underperformance of the strategy is likely to be due to two investments in Heating, Ventilation and Air Conditioning (HVAC) companies. These two companies, Daikin Industries and Lennox International, manufacture HVAC equipment that is more efficient than alternatives on the market. However, the equipment nonetheless uses substantial amounts of energy. Over three quarters of the strategy's total scope 3 emissions come from just these two companies.

Figure 6: Carbon emission per £1m of revenues

Avoided emissions per £1m of revenues



Section Five

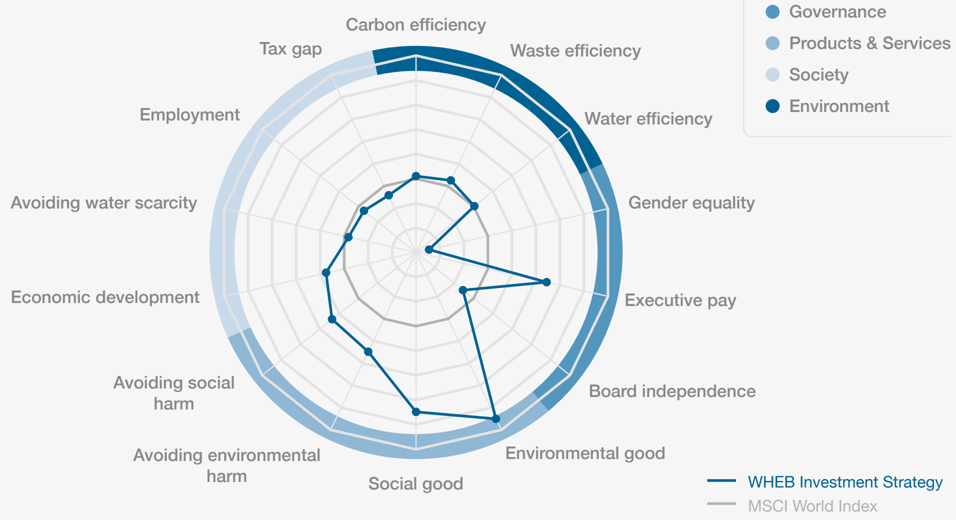
Portfolio Environmental, Social and Governance (ESG) Performance

The WHEB investment strategy is designed first and foremost to deliver competitive investment returns through positive impact investments across a variety of social and environmental issues. Consequently, the strategy has very low exposure to companies that sell products and services that have a negative impact on society or the environment.

Nevertheless, the companies in the strategy do themselves have an ESG footprint associated with their operations. The WHEB investment strategy considers ESG issues as part of our analysis of the quality of investee companies. We expect the strategy to exhibit higher quality characteristics, including a better ESG profile, than the wider market.

The diagram in Figure 7 underlines these characteristics across 14 well-established measures of ESG performance. The data has been assembled by specialist independent consultant Impact-Cubed[32] and compares the profile of the strategy with the MSCI World Index. The strategy's overall profile is ranked as within the top quartile of the universe of strategies assessed by Impact Cubed.

Figure 7: ESG profile of WHEB's investment strategy



Impact-Cubed Methodology

The Impact-Cubed methodology addresses 14 independent factors covering ESG issues as well as product and service related impacts. A higher score indicating better performance, is depicted as further from the centre of the chart. The assessment is based on quantitative 'outcome' data. For example, the assessment of gender equality is based not on a company's policies or declarations, but on the actual diversity of the company's top management. This is the focus for each of the 14 factors. Where data is not reported, Impact-Cubed uses estimates to cover missing data.

For more information on the specific indicators that are considered please see **www.impact-cubed.com**

Of the fourteen factors considered in the model, ten relate to the operational ESG characteristics of portfolio companies, while four are based on the impact of the products and services provided by portfolio companies. The portfolio's performance is very strong on these product-related dimensions.

As in 2018, the fund's performance on operational ESG issues is more mixed. For several parameters, performance is broadly in-line with the MSCI World Index. Reported data still only accounts for between 60 and 75% of the data set and so we believe that the performance of the strategy in these areas is not significantly different to the index.[33]

Two areas where the profile of the strategy is markedly different from the index is on 'Executive pay' and 'Gender equality'. Executive pay, at roughly 50x average employee pay, is much lower in the strategy than it is in the broader benchmark where executive pay averages more than 80x average employee pay. This is most likely due to the funds exposure to mid-cap businesses versus the large-cap exposure of the index.

Gender equality

Gender equality remains an area of underperformance relative to the benchmark. The proportion of women in senior leadership roles (management and Board of Directors) has remained stable at just under 19% across the strategy. Gender equality in the wider benchmark has improved from 21.5% in 2018 to 24% last year.

We expended considerable energy through 2019 engaging with portfolio companies on gender equality, so this continued underrepresentation is disappointing. However, while the overall score remained flat in 2019, we have seen improvements in the portfolio. Three companies have appointed their first female director, leaving only one company (Keyence) without a female director. Furthermore, 27% of the portfolio now have Boards that are more than one-quarter female, up from 16% in 2018. We routinely vote against the re-election of Board Directors where companies fail to make progress on gender diversity and this issue will remain an engagement priority in 2020.

Section Six

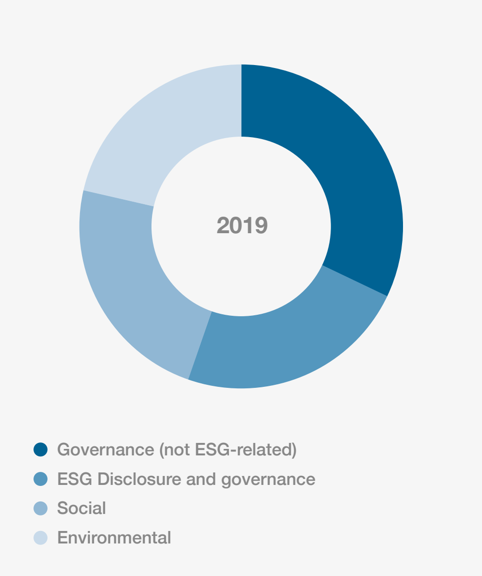
Engagement and voting

WHEB invests in companies for an average period of between four and seven years. This long-term approach gives us an opportunity to engage deeply with companies. And because we invest over the long-term, we target issues that support company performance over the long-term. It also means that we then benefit from the better performance that we expect to follow these changes.

WHEB engages systematically across the portfolio. In 2019 we engaged with 43 companies (representing 83% of the companies in the portfolio) on 112 occasions. In each of the past three years we have engaged with over two-thirds of portfolio companies.

Engagement is led by members of the investment team. As in previous years, in 2019 corporate governance issues were the principal focus of our engagement. The overall proportion, at 32%, was however, much reduced from 66% in 2018. Compared to previous years, company engagement in 2019 focused much more on social issues such as board diversity representing 23% of engagement (2018: 6%) and environmental issues such as climate change representing 21% (2018: 5%). Disappointingly however, better disclosure on ESG issues remains a major preoccupation for us. In 2019 nearly one third of our engagements with companies focused on this issue (2018: 27%).

Figure 8: Company engagement in 2019 (by topic)



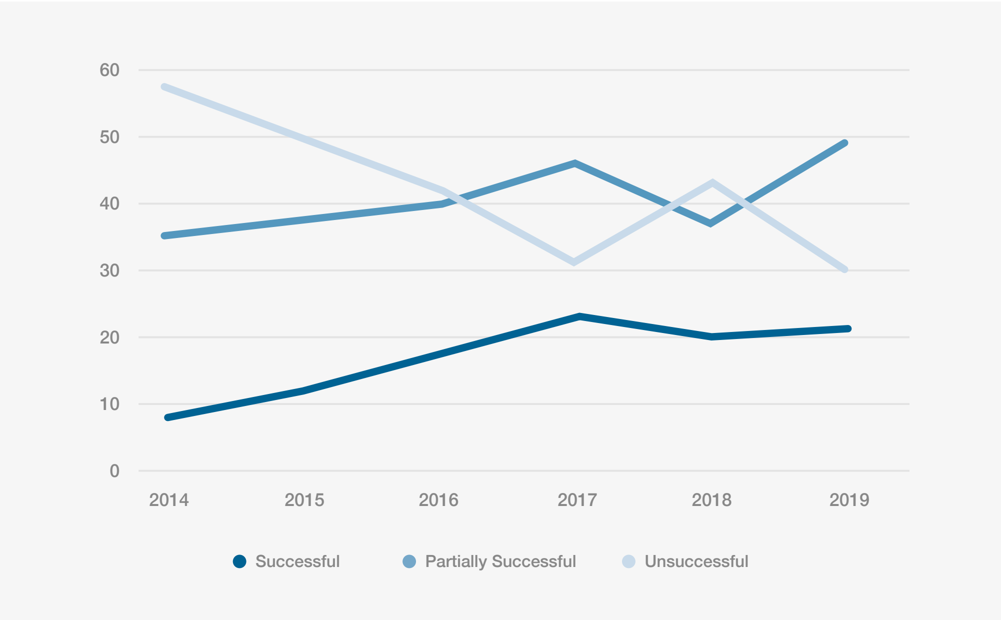
Effectiveness of company engagement

We rate the success of each company engagement. Each engagement is assessed as being either 'successful', when the company agrees to amend its approach; 'partially successful', when the company acknowledges the issue, but does not commit itself to change, or 'unsuccessful' when the company either does not respond to us or refuses to amend its practices.

In 2019 we judged 21% of our engagements to have been successful, 49% as partially successful and 30% as unsuccessful.

This represents an improvement in performance compared to 2018. It is clear that companies are responding more positively to engagement on many ESG issues. This is likely to be due mainly to the increasing profile of ESG issues in the market as a whole. We also know that in some cases WHEB's engagement has made a critical contribution to corporate change.

Figure 9: Company engagement impact 2014-19



"As a network of member nominated UK pension funds trustees, we firmly believe that asset managers should reflect the views and policies of clients. By adopting the AMNT's voting red-lines WHEB has clearly demonstrated their commitment to champion client interests."

Leanne Clements
Red Line Voting Campaign Manager,
Association of Member Nominated Trustees

Engagement Case Study: TPI Composites

TPI Composites (TPIC) manufactures wind turbine blades and lightweight structures for electric buses. These products play a critical role in delivering positive impact in the energy and transport sectors.

Engagement objective

As a young and relatively small business, TPI Composites had never published data on the environmental and health and safety issues associated with its operations. Our objective was to get the company to publish a sustainability report covering these issues.

Scope and process

As part of our regular dialogue with the company we encouraged them to produce a sustainability report when we first invested in 2017. In 2018, TPI Composites produced some initial health and safety data and committed to producing a fuller report in 2019. It also announced that it was recruiting additional resources to coordinate this work across the business.

Outcome: Successful

The company produced its first report in March 2020. The report contains detailed performance data and improvement objectives on key issues.

"These guys are the real deal. We greatly value WHEB's thoughtful input into our approach to sustainability."

Bill Siwek, Chief Executive Officer, TPI Composites

HORIBA

Engagement Case Study: Horiba

Horiba specialises in the manufacture of analytical and measuring equipment. Their largest business provides emission testing equipment for road vehicles. They also supply equipment for environmental monitoring, semiconductor manufacture and medical diagnostics.

Engagement objective

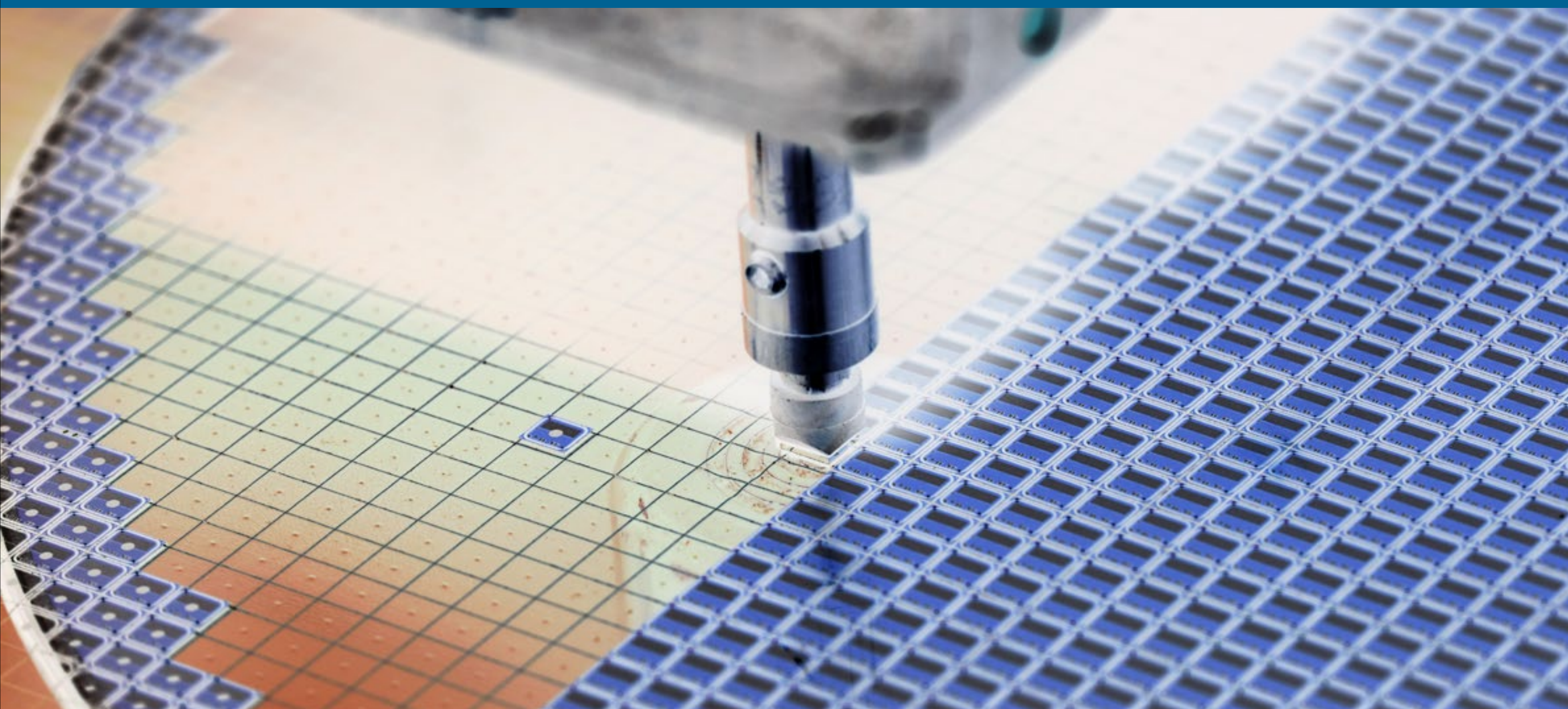
Like many Japanese businesses, senior positions are dominated by men. We engaged with the company in 2019 to encourage the company to accelerate gender diversity efforts at the company.

Scope and process

The engagement was part of a broader initiative to improve gender diversity at board level across several companies in the portfolio. We voted against directors on company boards where women made up less than 25% of directors which we consider to be too low. We also wrote to chairmen at twelve companies, including Horiba. We asked for companies to clarify their approach to gender diversity and set themselves targets for both board directors and senior executives.

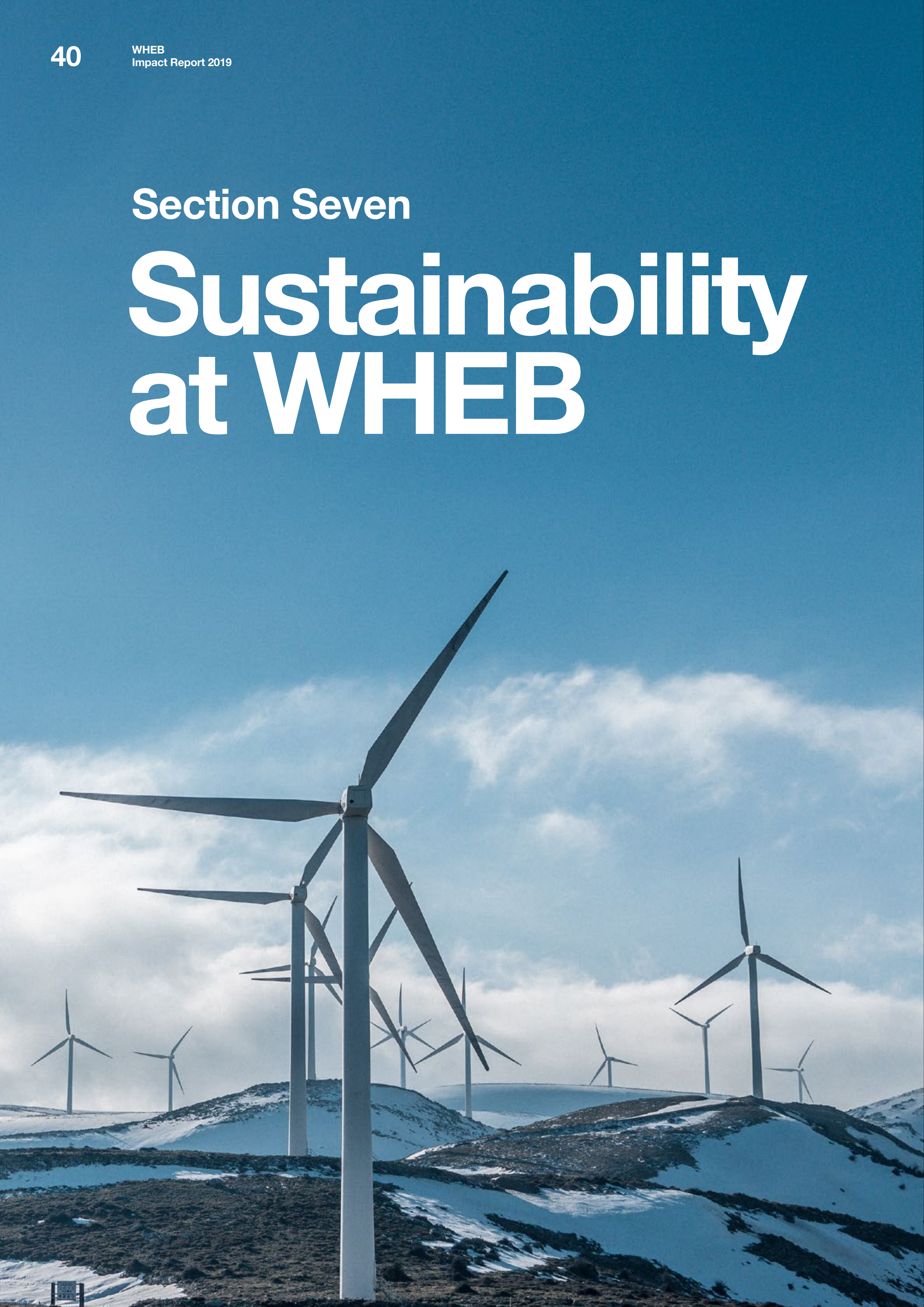
Outcome: Partially Successful

Female representation at Horiba remains lower than we would like, with 87% of board directors being male. Nonetheless, the company is taking proactive steps to foster more diversity through the company. The company has set itself a target to have 20% of managerial posts filled by women by the end of 2020.



Section Seven

Sustainability at WHEB



Sustainability is core to WHEB's overall mission 'to advance sustainability and create prosperity through positive impact investing'. Sustainability sits at the heart of our investment activities, but it also sits at the heart of our business.

As a B Corporation we run our business for the benefit of all of our stakeholders, not just our shareholders.

bcorporation.net/directory/wheb-asset-management-llp

WHEB is a founding partner of the 'Business Declares' network recognising the urgency of the climate emergency.

businessdeclares.com

WHEB is a founding member of City Hive, a network aimed at challenging and changing the culture of the City to become more diverse, equal and inclusive.

cityhive.co.uk

We are an equal opportunities employer and are accredited as a living wage employer.

Impact investing should be for everyone. WHEB is a founding member of the Big Exchange which is devoted to achieving this objective.

bigexchange.com

The majority of our waste is recycled. A significant amount is composted for use on the office roof garden. In 2021 we will have complete data-sets on this and other office environmental metrics.

We're committed to be a net zero carbon business by 2025 at the latest. We've published a detailed policy and road-map on how to get there (see overleaf).

100% renewable electricity

20 tons carbon offset from travel

13% of major suppliers report carbon emissions[34]

40% waste recycled

80,000 bees in 8 hives on office roof garden

33% female employees

Carbon Policy

WHEB has recognised that the world faces a climate emergency that 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.

For WHEB, 100% of our electricity use is already covered by renewable energy. Our largest source of emissions is air travel which we only use for journeys of more than six hours. We've set an annual carbon budget for air travel which is reduced by 10% every year. All GHG emissions from air travel are covered by carbon offsets.[35] In 2019 this amounted to 20 tons. This was down from 54 tons in 2018.

We encourage employees to commute to work by public transport or bicycle. More than 95% of journeys are undertaken this way. We've joined the Climate Perks programme which rewards employees who avoid holiday air travel with extra holidays.

For our suppliers, we are adding a clause to their contracts requiring them to measure and report their GHG emissions. Our aim is to then focus on emission reductions.

We know this isn't enough and want to do more. We will work with our stakeholders and other businesses to build a powerful movement for urgent change.

Section Eight

Advisory Committee Statement

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 involves determining 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 chairman.
- The committee met three times in 2019 and summary minutes of these meetings are published on the WHEB Group website.
- During 2019, the committee reviewed five companies that had been purchased. The committee also considered a range of related issues including how the investment strategy impacts upon the UN's Sustainable Development Goal (SDG) 14 'Life below water' and how carbon emissions are calculated for the strategy.
- Based on this work, the committee believes that WHEB's portfolios are consistent with the stated sustainable investment objectives of the strategy.
- The committee also reviewed the Impact Report covering calendar year 2019 and felt that the report was well-balanced and comprehensive.
- The committee recognises the difficulties in attributing positive impact in listed equity investing but welcomed the focus in the report on businesses that offer products and services as solutions to sustainability challenges.
- The committee noted the improvement in company reported data as a very welcome development. It is hoped that better reporting will be supported by regulatory changes including most notably the development of the European Union's taxonomy for sustainable activities.
- The 'impact engine', introduced in the 2019 report, was also seen as an interesting innovation that demonstrates the positive 'intentionality' behind each investment.
- While acknowledging the ongoing need for better quality data, the committee nonetheless valued the fuller disclosure in the report on the carbon profile of the strategy including scope 3 emissions. The committee considers this a key area to explore further in the coming years.
- Overall the committee felt that the report demonstrates WHEB's continued leadership in the rapidly growing market for listed equity impact investing.

Geoff Hall, Non-Executive Chairman, WHEB Asset Management

Kingsmill Bond, New Energy Strategist, Carbon Tracker

Kelly Clark, Director, The Finance Dialogue

Mike Clark, Founder Director, Ario Advisory

Carole Ferguson, Head of Investment Research, CDP

Section Nine

Where next?

‘The future is already here – it’s just not evenly distributed.’ Rarely have William Gibson’s words seemed more apposite than in the throes of the COVID-19 lock-down.

‘Digital transformation’ has been the business strategy of choice for years. In the white heat of a global pandemic, it has become essential to the survival for many businesses.

The digital future has suddenly sprinted closer. Work, education, shopping, medicine and more have all moved on-line. Not all the changes will stick. Shifting long-held habits is the hardest part in getting consumers to adopt new technologies. A period of enforced change has made this much easier.

A protracted period of social distancing is likely to cement some of these changes and force broader shifts across other sectors. Many of these will, in our view, be positive for sustainability. For example, increased use of factory and warehouse automation technologies, embedding improved energy and resource efficiencies in manufacturing and logistics, is likely. The crisis has swept away a lot of the dogma that has bedevilled US healthcare. Telehealth, remote clinical observation and tracking of patient health has increased dramatically. This will remain a core feature of preventative healthcare in the US and elsewhere, in our view.

The energy and transport industries are likely forever changed as well. Social distancing stipulations, as well as the risk of infection (either real or perceived), will be a formidable headwind to a recovery in communal transport. The airlines, already on wafer-thin margins, face a very difficult future. The oil industry too, is well past its peak.

We think we have now seen peak fossil fuel demand. Changed travel patterns, the relentless rise of renewables and now the mass adoption of electric vehicles will ensure that demand, when it does begin to creep back, is met through these new technologies. The 2008 financial crisis precipitated the demise of fossil fuel power generation in Europe. COVID-19 will likely do the same for oil.

Not all changes will be positive. Social distancing will limit the recovery of rail and bus ridership. Concern over the contamination of reusable packaging with COVID-19 has also checked progress in reducing single-use plastic packaging. Discussions over the likely shape and focus of government economic stimulus packages have also given carbon intensive businesses an opportunity to plead for special support.

These appeals have been well-received by some; most conspicuously in the White House. Elsewhere, notably in capital cities across Europe and parts of Asia, the signals have been more supportive of a green renaissance. The weight of much of the corporate world is also now firmly behind a green stimulus.

If there is a silver-lining to the COVID-19 pandemic, it might be this opportunity to accelerate the transition to a zero-carbon economy. Investors too have a key role to play. We are determined that WHEB should be in the vanguard of this change.

“The need for progressive public policy on climate change has never been greater. WHEB’s long-standing support for the IIGCC’s agenda has been invaluable.”

Stephanie Pfeifer, CEO, Institutional Investors Group on Climate Change (IIGCC)

1 Taskforce on Climate-related Financial Disclosures (https://www.fsb-tcfd.org/)

2 http://group.rsmr.co.uk/dfm/

3 Data at 13 May 2020

4 Investment returns are shown for each of the last five calendar years. All Figures are shown in GBP Sterling. "WHEB" is based on the 'Primary Share' share class of the FP WHEB Sustainability Fund. The Primary Share Class performance history is based on the C (Accumulation) share class from launch on 3 Sept 2012. This Figure uses the share price data as at midday and is net of all fees and charges. IA Global relates to the average of the peer group of global equity funds listed in the Investment Association Global Equity sector. This Figure uses the share price data as reported and is net of all fees and charges. The MSCI World Index is a broad global equity benchmark that represents large and mid-cap equity performance across 23 developed market countries. The MSCI World Index is quoted at month end with net dividends reinvested and without the deduction of any expenses. The MSCI World Index is unmanaged and cannot be invested in directly. Past performance is not necessarily a guide to future performance. The value of investments and the income from them may fall as well as rise and may be affected by factors including adverse markets and foreign exchange rate movements and you may not get back the amount of your original investment.

5 Where companies have exposure to more than one theme, they are categorised in the theme where the exposure is largest.

6 CO_2e = carbon dioxide equivalents.

7 The assessment builds on an earlier WHEB methodology as well as the frameworks developed by the Impact Management Project (https://impactmanagementproject.com/) and the Future Fit Foundation (https://futurefitbusiness.org/)

8 Deloitte Insights, 2020 global healthcare outlook – Laying a foundation for the future (2019)

9 Ibid

10 Ibid

11 Polymerase Chain Reaction (PCR) is a technique that is used to rapidly make a large number of copies of a specific DNA sample that then enables scientists to study it in detail.

12 Thermo Fisher Scientific Inc.

13 https://flowcharts.llnl.gov/content/assets/images/energy/us/Energy_US_2018.png

14 https://www.iea.org/reports/tracking-buildings

15 Sustainable Energy For All, Chilling Prospects: Tracking sustainable cooling for all (2019)

16 http://www.climateaction100.org/

17 Daikin Industries Ltd.

18 The World Bank Group, 'What a Waste 2.0 - A Global Snapshot of Solid Waste Management to 2050' (2018)

19 Ibid

20 Koninklijke DSM N.V.

21 In WHEB's 2019 Impact report (covering calendar year 2018) we erroneously included China Everbright International's total waste recycling and recovery capacity in 2018 rather than the actual amount of waste that was recycled or recovered that year. Volumes of waste that were recycled or recovered actually increased substantially between 2018 and 2019. This has been corrected in the data covering 2019 that is reported here.

22 'Based on a global average carbon price of £19 per ton (State and trends of carbon prices, World Bank Group, 2019)'.

23 Based on a landfill tax of £91.35 which is equivalent to the UK's landfill tax in 2019.

24 This assumes a US$500 annual health benefit from regular exercise (Tivity Health).

25 This assumes annual earnings enhancement from having a Batchelors degree compared with a high school diploma of US$24,336 (https://www.bls.gov/emp/chart-unemployment-earnings-education.htm).

26 It is likely that in future, with more embedded intelligence, some measurement of real world impacts will become more possible.

27 WHEB's approach to net zero carbon emissions is detailed on page 31.

28 Scope 1 covers direct emissions from owned or controlled sources. Scope 2 covers indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed by the reporting company. Scope 3 includes all other indirect emissions that occur in a company's value chain.

29 The estimation model is provided by Impact Cubed an independent, specialist ESG data provider (www.impact-cubed.com).

30 Impact Cubed, Bloomberg and WHEB data

31 Op. Cit. […]

32 Op. Cit. […]

33 Op. Cit. […]

36 We only use carbon offset projects that are verified by either Gold Standard or the Verified Carbon Standards to ensure the highest quality carbon offset projects.

35 We discuss the carbon efficiency of the strategy in more detail in section 4.

36 This figure is based on preliminary data. We plan to provide more detail in future reports.

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7 Cavendish Square
London
W1G 0PE
United Kingdom

+44 20 3219 3441
info@whebgroup.com

www.whebgroup.com

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