An investment business on a mission
Welcome to WHEB’s annual Impact Report covering 2022. We are confident that this, our ninth report, represents another step forward in terms of quality and insight. We hope that readers will find it useful and, as always, we remain very open to feedback.

2022 was a challenging year for financial markets, and particularly for those, like WHEB’s, focused on delivering positive impact through global equities. The war in Ukraine has been particularly shocking and has created understandable anxiety in markets across the world. This conflict, along with supply-chain shocks, inflation and the lingering effects of the COVID pandemic served to divert attention away from the critical challenges of sustainable development.

Last year I wrote that a key focus for WHEB in 2022 would be on building a strong culture to underpin our activities and development. I am pleased to report that the team has made substantial progress in this respect. Notable achievements were a clear set of values that support our mission and a deferred equity plan for team members.

Through the year the Impact Investment Team has focused its time on identifying critical new trends in the sustainability agenda and in investing in the companies helping to solve these challenges. This report provides a high-level summary of this work – and the resulting impact. But more detailed commentary on everything from heat pumps to haematology is regularly published on our website (whebgroup.com/our-thoughts).

During the year we have also redoubled our investment in WHEB’s team. We have extended the range of resources available to the Impact Investment Team ranging from behavioural analytics tools and expert networks to new colleagues supporting our impact research and stewardship activities. We have also scaled up our Human Resources function across the organisation.

This investment is all in service of providing our clients with higher-quality and more impactful investment solutions. The quality and ambition of WHEB’s offering is reflected once more in the awards and labels that we received in 2022. Our ambition is also evident in our commitment to maintaining Article 9 status for our funds sold into Europe, and for the equivalent designation in the UK market once this is finalised.

Whether it is in responding to the UK’s regulatory proposals for Sustainability Disclosure Requirements (SDR) or developments in the EU Taxonomy, WHEB is also focused on helping to build the foundations for the wider market. For a small business, we exert considerable resources engaging with regulators and policymakers as well as standard setters and other market participants. A case in point is our work with the Global Impact Investing Network (GIIN) to help shape guidance for impact investing in listed equities.3

As we finish the first quarter of 2023, it is clear that we can expect plenty more turbulence in financial markets. WHEB, however, remains on course in our ambition to build the highest-quality, mission-driven investment organisation. With best wishes,

Jayne Sutcliffe
Non-Executive Chair
WHEB Asset Management

Figure 2: WHEB’s core values

3 https://thegiin.org/research/publication/listed-equities-working-group/
One core investment process focused on delivering positive impact

We are positive impact investors, focused on the fundamental connection between long-term positive change and long-term growth. Our investment strategy is to invest in companies that enable – and thereby benefit from – the transition to a net zero carbon (NZC) economy and that protect and enhance quality of life. This core strategy underpins all WHEB’s investment funds.

Figure 3: WHEB’s core fund range

<table>
<thead>
<tr>
<th>fund</th>
<th>FP WHEB Sustainability Fund</th>
<th>WHEB Sustainable Impact Fund</th>
<th>WHEB Environmental Impact Fund</th>
<th>Pengana WHEB Sustainable Impact Fund</th>
<th>IMGP Sustainable Europe Fund</th>
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<td>ERIG 1st Quartile Lonsec recommended Zenith recommended</td>
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</table>

Governance and a policy of ‘radical transparency’

WHEB is intensely aware of the scrutiny that is rightly applied to products and services that claim to deliver an environmental or social benefit. It is for this reason that we have formulated a detailed set of policies to govern our investment approach and our activities as a business. We combine this with independent oversight and a policy of ‘radical transparency’: sharing unprecedented levels of detail about our investments, our approach and our wider business activities.

Our goal is for our clients and other stakeholders to be excited by our approach to investment and the companies that we hold in our portfolios, and to help shape a broader movement by showing leadership in our approach. Transparency is intended both to ensure alignment and strengthen this relationship with key stakeholders.
Figure 4: WHEB’s governance and policies

Policies

Mission and values: underpinning our culture and direction @ whebgroup.com/about
- Net zero carbon policy (operations): sets out our policy for becoming a net zero carbon business @ whebgroup.com/investing-for-impact/sustainability-policies
- Diversity and inclusion: reinforces our commitment to providing equality and fairness to all in our employment @ whebgroup.com/investing-for-impact/sustainability-policies

Investment Committee Terms of Reference

Senior Management Team
- (Non-exec Chair, Managing Partner, Head of Investments, Head of Research, Director of Operations)

Investment and Risk Committee
- (Non-exec chair, Managing Partner, Risk & Performance Manager)

Impact Investment Team
- (Investment Team and Impact Research Team)

Independent Investment Advisory Committee
- (independent external sustainable investment experts)

Responsible Investment policy: covers our investment philosophy and approach @ whebgroup.com/investing-for-impact/sustainability-policies

Engagement policy: details our approach to engaging with portfolio companies and other stakeholders @ whebgroup.com/investing-for-impact/sustainability-policies

Voting policy: sets out policies for voting at company general meetings @ whebgroup.com/investing-for-impact/sustainability-policies

Net zero carbon policy (portfolio): sets out our policy for achieving net zero carbon emissions from our investment portfolios @ whebgroup.com/investing-for-impact/sustainability-policies

Investment Process document: describes WHEB’s investment process and approach. Key features of the investment process document are available at @ whebgroup.com/investing-for-impact/how-we-invest

Transparency

- Annual impact report
- Quarterly investor reports
- Annual stewardship report
- Annual net zero carbon report
- Quarterly full portfolio holding information sheets
- Eurosif Transparency Code
- Triannual summary minutes

Disclaimer

This is an advertising document. A prospectus and a Key Investor Information Document for the FP WHEB Sustainability Fund, WHEB Sustainable Impact Fund and WHEB Environmental Impact Fund are available from www.whebgroup.com and investors should consult those documents before investing.

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