



# **WHEB ASSET MANAGEMENT LLP**

## **Public RI Transparency Report**

### **Seventh Statement of Commitment**

**01 January 2023 – 31 December 2023**

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

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## WHEB's Public RI Transparency Report

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 have been accredited to the Eurosif Transparency code for the period from 2016-2024.

From 1<sup>st</sup> January 2024, Eurosif has withdrawn the Transparency Code accreditation process from the market<sup>1</sup>. This report contains updated information covering the period 2023 but is otherwise identical to the report that was submitted for accreditation under the Euroif 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.

December 2023

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<sup>1</sup> <https://www.eurosif.org/sustainable-investment/transparency-code/>

## WHEB Public RI Transparency Report

1. List of funds covered by this report (and previously covered by the Eurosif Transparency Code)
2. General information about the fund management company
3. General information about the SRI fund(s) covered in this report
4. Investment process
5. ESG controls
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### 1. List of funds covered by the Code

<b>Name of the fund(s):</b> <ul style="list-style-type: none"> <li>• iMGP Sustainable Europe Fund</li> </ul>					
Dominant/preferred SRI strategy	Asset class	Exclusion standards and norms	Fund capital as at 01/07/22	Other labels	Link to relevant documents
<ul style="list-style-type: none"> <li>✓ Impact Investing</li> <li>✓ Sustainability themed</li> </ul>	<b>Actively managed European shares</b>	<b>None of the negative areas listed has ever been invested in</b>	<b>€154m</b>		<a href="https://www.whebgroup.com/">https://www.whebgroup.com/</a> <a href="https://www.imgp.com/">https://www.imgp.com/</a>

### 2. General information about the fund management company

#### 2.1 Name of the fund management company that manages the applicant fund

WHEB Asset Management (as Sub-Investment Manager) for iMGP Asset Management.

#### 2.2 What are the company's track record and principles when it comes to integrating SRI into its processes?

WHEB Asset Management is a boutique investment business that is wholly focused on sustainable investing. The essential philosophy underpinning the strategy 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.

The underlying strategy has existed for seventeen years having originally been run at Henderson Global Investors as the Industries of the Future Fund. For the last ten years we have run the global strategy at WHEB. The iMGP Sustainable Europe Fund is a European version of this strategy and has been run by the WHEB team since July 2022. The team running the strategy have spent the bulk of their careers working on sustainability and investment. Ted Franks, the fund manager and partner, has been managing or co-managing the strategy since 2009 and before that was involved in renewables and water investments at Dresdner Kleinwort. Seb Beloe, Head of Research and partner, was formerly Head of SRI Research at Henderson and before that was Vice President of Research and Advocacy at the management consultancy SustainAbility. He also has two degrees in Environmental Science and Technology. George Latham, the Managing Partner, was previously Head of SRI at Henderson and before that set up the SRI strategies at Threadneedle Asset Management.

### 2.3 How does the company formalise its sustainable investment process?

WHEB Asset Management is a B Corporation with an overall mission *to advance sustainability and create prosperity through positive impact investing* (<http://www.whebgroup.com/about-us/mission-and-values/>).

The whole business is therefore dedicated to sustainable investment. Within the actual investment process, sustainable investment is integrated into our approach to research, stock selection and engagement, based on three interlinked beliefs, as follows:

- **Sustainability is creating new growth markets**

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.

- **A long-term, fundamental approach to stock selection leads to out-performance**

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 five years and seek to be flexible in style, avoiding the pitfalls of out-and-out value or growth investment styles.

- **Analysis which integrates ESG factors enables better stock selection**

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.

This investment approach is underpinned by a set of corporate policies which present a broad set of principles that frame our investment process. This includes:

- A core mission statement as described above (<http://www.whebgroup.com/about-us/mission-and-values/>)
- An overall responsible investment policy which describes the four key principles that underpin our approach to responsible investment including that we will: 1) integrate ESG issues into our investment analysis and decision-making, 2) Be active owners and integrate ESG into our ownership policies and practices, 3) encourage appropriate disclosure on ESG issues by entities in which we invest and 4) that we will report on our progress in implementing these principles (<https://www.whebgroup.com/investing-for-impact/sustainability-policies>).
- A set of Stewardship & Engagement policies that are included in our Stewardship & Engagement Policy statement. These set out in more detail our approach to voting and engagement including commitments to engage with companies whenever we vote against management and to push for progressive practices on critical ESG issues at investee companies. We also report quarterly on our voting and engagement activities including assessing the outcomes of this engagement (<https://www.whebgroup.com/investing-for-impact/sustainability-policies>).

## **2.4 How are ESG risks and opportunities – including those linked to climate change – understood/taken into account by the company?**

WHEB as a business has been set up specifically to invest in companies that are providing solutions to critical social and environmental challenges including climate change. The company's mission is to 'advance sustainability and create prosperity through positive impact investments'. We believe that the ESG agenda will fundamentally reshape markets round the world. Companies that are unable to adapt their business models and the products and services that they supply face enormous risks include the risk of a permanent loss of capital. Equally, companies that reposition themselves as suppliers of solutions to these challenges will enjoy (and are already enjoying) enormous business opportunities.

We systematically consider these issues in our investment process and in our business operations. Our investment strategy that takes account of both ESG risks and opportunities through the investment process. This is described in detail in section 3.5 below. As a business we also take account of these issues in our own operations. We have published a TCFD section in our annual impact report and have set demanding targets for our own business in terms of our own carbon emissions and wider environmental footprint. We have developed diversity and inclusion policies are an equal opportunities employer, and have integrated human rights screens and carbon policies into our supply-chain management. WHEB is also a multi award-winning B Corporation, in part due to many of these policies and commitments.

## **2.5 How many employees are directly involved in the company's sustainable investment activity?**

100% of our employees (20 employees) are focused on the company's sustainable investment activity as this is all we do.

The full team list is:

George Latham – Managing Partner

Ted Franks – Portfolio Manager

Seb Beloe – Head of Research

Ty Lee – Associate Portfolio Manager

Victoria Maclean – Associate Portfolio Manager

Ben Kluftringer – Senior Analyst

Claire Jervis – Senior Analyst

Sarita Kashyap – Risk and Performance Analyst

Katie Woodhall – Climate and Data Analyst

Rachael Monteiro – Stewardship Analyst

Fanny Ruighaver – Business Development, Europe (via FundRock, Distributor for WHEB Asset Management in Europe)

Alex Talbot – Client Relationship Manager

Susie Winstanley – Marketing Manager

Jaya Govindan – Client Services Manager

Laura Grenier – Director of Operations

Danny Smith – Team Assistant

Esther Muschamp – HR Manager

Sandhuni Correa – Management Accountant

We are also supported by:

Jayne Sutcliffe – Non-Executive Chair

Martin Rich (Future Fit Foundation) - Independent Advisory Committee Member

Abigail Rotheroe (Independent) - Independent Advisory Committee Member

Alice Chapple (Independent) – Independent Advisory Committee Member

Carole Ferguson (Carbon Transition Analytics) – Independent Advisory Committee Member

## **2.6 Is the fund management company involved in any RI initiatives?**

Yes, we are active participants in a wide range of initiatives including:

- UN PRI
- UKSIF
- Institutional Investors Group on Climate Change
- Net Zero Asset Manager’s Initiative
- Net Zero Carbon 20
- B Corporation network (we are a B Corp)
- FRC UK Stewardship Code
- CDP
- FutureFit Business
- The Big Exchange
- Portfolio Decarbonisation Coalition
- Chemical Footprint Initiative
- And many others

## **2.7 What is the total number of SRI assets under the company’s management?**

All of our assets are invested in sustainability strategies which was £1.2bn as of 31/12/2023.

## **3. General information about the SRI fund(s) that come under the scope of the code**

### **3.1 What is the fund(s) aiming to achieve by integrating ESG factors?**

We seek to achieve positive impacts on society and the environment by investing in companies that are providing solutions to sustainability challenges. These impacts include Cleaner Energy, Education, Environmental Services, Health, Resource Efficiency, Safety, Sustainable Transport, Water Management and Well-being.

### **3.2 What internal or external resources are used for the evaluation of the issuers who make up the investment universe of the fund(s)?**

All six members of our investment team conduct impact and ESG analysis as a core part of the stock level research used in our investment process. Specific aspects of this research is supported by the Impact research team which provides specialist support on impact analysis, carbon and stewardship.

Within the team, 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 over 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 and the rest of the impact research team.

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.

Beyond the core data supplied by companies, Bloomberg, SASB and sell-side analysts, we will utilise a wide range of additional data sources including:

- 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).
- 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.
- Monitoring of media stories and discussion through a subscription to Meltwater and through controversy screening provided by ClarityAI and by ISS's norms-based screening service which records company activities that are at odds with widely established norms of corporate behaviour.
- In 2023 we have also started sourcing climate data from ImpactCubed and product/service level impact data from Net Purpose.
- We also have a contract with ISS ([www.issgovernance.com/](http://www.issgovernance.com/)) which provide us with a perspective on the governance standards and systems at companies that we are researching as well as with proxy voting guidance.

We do also 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.

### **3.3 What ESG criteria are taken into account by the fund(s)?**

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.

That said, there are still of course a variety of ESG issues that are relevant for different types of business and are an important component in understanding the overall quality of a business. It is for this reason that we focus on the ESG issues that are most 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. There are also some core issues that we consider for every company that we assess.

We take into account all material ESG criteria that we believe have a bearing on the performance of a given stock over the long-term. This will include 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.

We use the Sustainability Accounting Standards Board (SASB) guidelines to help us focus on the material ESG issues by sector. Each of these issues is considered as part of the core analysis done by the investment team. For a speciality chemicals business this will include a wide range of environmental and health and safety data including for example management of wastes (including hazardous wastes), environmental management standards, energy and water use, health and safety data, exposure to hazardous chemicals etc. For a software business the ESG issues will be completely different and will likely be more focused on employee-related issues.

### **3.4 What principles and criteria linked to climate change are taken into account by the fund(s)?**

As described above, we take a systematic approach to considering the risks and opportunities presented by climate change to equity markets. Five of our nine investment themes and approximately 50% of the strategy supply products and services that directly help to mitigate or adapt to climate change. Investments in these themes will, we believe, strongly benefit from efforts to reduce carbon emissions in line with the targets set out in the Paris Agreement. These include companies involved in renewable energy generation, energy efficiency in buildings and transport, pollution control, water and wastewater treatment and solid waste management and recycling.

In addition to focusing our investments on businesses that are set to benefit from an increased focus on carbon emissions across the economy, we also seek to manage carbon risk by avoiding highly carbon exposed sectors. For example, we do not invest in companies that own carbon reserves or are involved in the exploration and production of fossil fuels.

We have no direct exposure to fossil fuel extractive businesses. Furthermore, less than 3% of total investments are indirectly exposed to activities associated with fossil fuel extraction. Transition and physical risks are, though, clearly evident in the operations of businesses that we invest in. Transition risk is particularly apparent in businesses that are significant users of energy in their own operations. Physical risks are also experienced by businesses with assets vulnerable, for example, to flooding and other natural hazards. We seek to understand these risks and mitigate them by investing in businesses with good performance and low carbon exposure relative to their peers. We utilise carbon data to understand and manage these exposures.

The strategy is specifically positioned to benefit from an increasing focus on carbon across the global economy. In addition to the opportunities and threats facing WHEB's ability to attract market interest in our product(s), we actively manage carbon-related risks in the Strategy. Specifically, this involves targeted engagement with companies in our portfolio that have a higher level of ESG risks relative to peers. Previous analysis of the carbon footprint of the Strategy identified a small number of stocks with relatively poor carbon profiles relative to their peers. We used this analysis in discussions with these companies which have subsequently announced more ambitious plans to tackle their carbon exposure (specifically in terms of carbon emissions). The carbon footprinting analysis described above clearly signals that the stock selection that we have made is a strongly positive feature of the carbon profile of the Strategy. Nonetheless, the analysis does reveal some relative underperformers and as in previous years, we engage these businesses to encourage more aggressive action to reduce their exposure.

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More recently, we have cemented our commitment to reducing the exposure to climate change within the strategy by becoming a founding member of the Net Zero Asset Manager's<sup>2</sup> Initiative in December 2020. In doing so, WHEB Asset Management commits to a goal of net zero emissions from our investment portfolio by 2050 or sooner. This initiative builds on the Net Zero Carbon 10 (NZC10) initiative that we became a member of in 2019 and also complements our own target to be a net zero carbon business by 2025, also set in 2019.

The Net Zero Asset Managers Initiative represents a very significant undertaking. In it, WHEB has committed to several carbon reduction targets. The first set of targets relate to the NZC commitments made by portfolio companies. We have met our first target which was that by 2025 at least 50% of portfolio companies should have set a net zero carbon commitment. At the end of 2022 54% of the portfolio had made such a commitment. We have therefore upgraded these targets which are now that by 2025 85% of portfolio carbon emissions should be covered by a NZC target and that by 2030 100% of emissions should be covered by such a commitment.

Critically, under the initiative we have also committed to absolute carbon emission reductions. This includes having a net zero carbon portfolio by 2050 at the latest. We have also set an interim target to achieve absolute carbon reductions by 2030 that are consistent with a 50% global reduction in carbon emissions. This 50% reduction is what is considered necessary to achieve global net zero carbon emissions goal by 2050. These commitments cover WHEB's entire investable assets.

Finally, we are aware of the physical risks posed by climate change and have been involved in some initial work looking at potential adaptation strategies for our portfolio companies. This is still at a relatively early stage, and we plan to develop our approach in this area in the coming years.

According to our carbon footprint analysis, the iMGP Sustainable Europe Fund generated approximately 44 tCO<sub>2</sub>e per £1m invested in 2022, compared with c.104 tCO<sub>2</sub>e from the benchmark the MSCI Europe index. The key contributors to this footprint are the relative weightings in key industry sectors compared to the benchmark, and the stock selection within those sectors. In terms of the sector contributors, our absence from the oil and gas sector and our strong overweight position in healthcare helped to reduce our footprint relative to the benchmark. An overweight position in industrials (which provides many of the investments in our environmental themes) and in utilities, where we are primarily exposed to water-focused utilities, weighed on the footprint of the strategy.

### **3.5 What is the ESG analysis and evaluation methodology of the fund manager?**

ESG analysis is undertaken in every step of the four step process in our investment process.

#### **Step 1: Screening of the starting universe\* to produce the eligible investment universe**

The first step is to screen the starting universe for companies that get at least 50% of their revenues from products or services that address one or more of nine sustainability themes. These are: Cleaner Energy, Education, Environmental Services, Health, Resource Efficiency, Safety, Sustainable Transport, Water Management and Well-being. In addition, any company that generates more than 5% of their revenues from controversial sectors, will also not be included in the eligible investment universe. Controversial sectors include

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<sup>2</sup> <https://www.netzeroassetmanagers.org/>

alcoholic beverages, cosmetics where animal testing has been involved, gambling products or services, fossil-fuel exploration or production, intensive farming practices, nuclear power generation, pornographic materials, tobacco products, unsustainable timber products or weapons. **As a result of this approach more than 75% of starting universe stocks are screened out of our eligible investment universe.**

\* The starting universe represents the MSCI European Index together with stocks that meet the WHEB criteria for investment but are not components of the index (assessed on a stock by stock basis to qualify for the eligible investment universe).

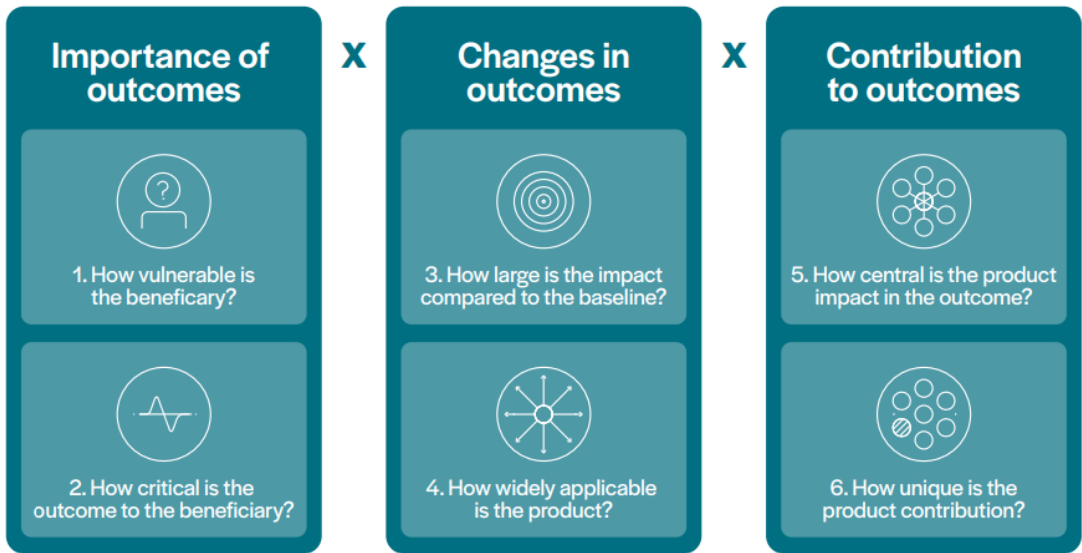
**Step 2: Assessment of impact intensity of products and services**

The second step involves a deeper assessment of what a company does – that is the products and services that the company supplies. The focus here is on the ‘intensity’ of the positive impact generated by the products and services supplied by the company. This assessment is based on our ‘impact engine’ that covers three areas of impact:

- 1) the importance of the ultimate outcomes associated with the product;
- 2) the scale of the positive change resulting from the product impact ; and
- 3) the specific contribution made by the company.

Within each of these sections there are two questions as shown in the figure below. Each of these questions is assessed and scored from 1-3. These are then used to generate an overall impact intensity rating for the specific product category. This process is repeated for each product category where there is considered to be a positive impact. Each of these product category scores is then multiplied by the proportion of revenues that each category represents and the individual scores summed to generate an impact intensity score for company as a whole.

**Figure 1: The Impact engine**



Further details on the methodology that sits behind the impact engine are available from our website at <https://www.whegroup.com/investing-for-impact/how-we-invest/our-methodology>

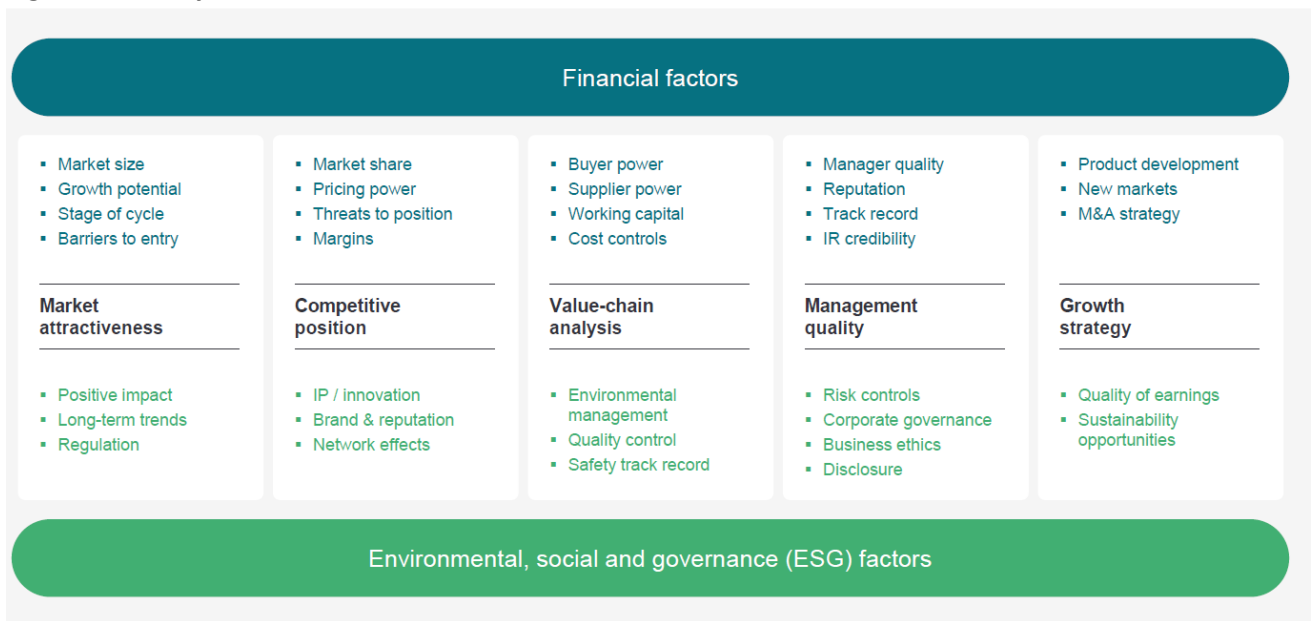
**Step 3: Quality assessment**

The third step looks at the quality of **how** the company operates. We focus on five dimensions of performance in the quality assessment as indicated in Figure 2 below. At each stage we are seeking to assess ESG and wider sustainability issues alongside more mainstream commercial concerns. It is our strong belief that ESG issues provide a key data-set that provide important insights into the quality of a company’s operations.

For each of the five elements we are seeking material ESG data to round-out a more complete picture of the company’s underlying quality. Examples of these issues are indicated in green in Figure 2.

The precise set of ESG issues considered for each company is heavily based on a materiality assessment. This is based on the guidance of the Sustainability Accounting Standards Board as well as other relevant frameworks<sup>3</sup>. So for example, a manufacturing business is likely to be assessed across a wider range of environmental criteria (energy and water use, waste intensity metrics, hazardous chemicals etc.) whereas software businesses will be assessed on criteria that are more weighted to employee-related issues. All businesses will be assessed on corporate governance issues as well as on how the governance of sustainability is organised and incentivised across the organisation. The company’s track-record on business ethics is also a key question that is considered for every company.

**Figure 2: Quality assessment framework**



**Step 4: Valuation**

The final step in the stock research process is an assessment of the valuation of a company. The ultimate assessment of the appropriateness of the valuation of a company is assessed in the context of the impact intensity and fundamental quality scores. Typically, the higher the impact and quality scores that a company receives, then the higher the valuation that we would consider to be appropriate for any given company.

**3.6 How often is the ESG evaluation of the issuers reviewed? How are controversies managed?**

<sup>3</sup> For example this might also include sector-specific frameworks, NGO analysis and third-party assessments (e.g. sell-side research, controversy screens etc) as well as other frameworks such as the UN Global Compact and the UN SDGs.

ESG issues are continually being evaluated on the basis of new news or information. Where new information is received, the analyst responsible for the stock will reassess the quality rating based on this new information and will revise the score in consultation with the rest of the investment team.

In cases where there is a negative controversy associated with a specific company, we will engage the business to understand their response to the issue in question. We will attempt to work with the company to resolve the issue. Where this is not possible, and the issue in question represents a material threat to the reputation or operations of the business, we will consider exiting the stock.

## **4. Investment Process**

### **4.1 How are the results of the ESG research integrated into portfolio construction?**

The ESG analysis described in section 3.5 is only undertaken on companies that are already in our investable universe. The investable universe is defined by companies that receive more than half of their revenues from products or services that address one or more of our investment themes. Typically, the portfolio is composed of companies that receive in excess of 80% of revenues from the themes.

### **4.2 How are criteria specific to climate change integrated into portfolio construction?**

As described above, five of our nine investment themes and approximately 50% of the strategy is directly related to climate change. Investments in these themes will, we believe, strongly benefit from efforts to reduce carbon emissions in line with the targets set out in the Paris Agreement. These include companies involved in renewable energy generation, energy efficiency in buildings and transport, pollution control, water and wastewater treatment and solid waste management and recycling.

### **4.3 How are issuers that are present in the portfolio, but not subject to ESG analysis evaluated?**

There are no – and have never been any – issuers in the portfolio that have not been subject to thorough ESG analysis.

### **4.4 Has the ESG evaluation or investment process changed in the last 12 months?**

We have not made any changes in the way ESG information is used in the management of the strategy in the last 12 months. The last major change took place in 2020 when we finalised and implemented our 'Impact Engine'. As described above, this tool provides a methodical approach to evaluating impact performance by codifying impact and allows systematic comparison across different themes and end markets. It is used alongside our fundamental analysis which looks at both financial and ESG characteristics of potential investments, and valuation analysis.

The Impact Engine draws on the work of the Impact Management Project and the Future Fit Foundation, both of which we participate in and contribute to. All impact reporting and outcomes of our impact engine can be found on our impact map - <https://www.whebgroup.com/investing-for-impact/how-we-invest>

### **4.5 Is a part of the fund(s) invested in entities pursuing strong social goals/social enterprises (impact investing)?**

Yes we consider the entire strategy to be an impact strategy. We use the definition provided by the Global Impact Investing Network and in particular the guidance that the GIIN provides for impact investing in listed equities<sup>4</sup>.

**4.6 Does the fund engage in securities lending activities?**

No

**4.7 Does the fund use derivative instruments?**

No

**4.8 Does the fund invest in mutual funds?**

No

## **5. ESG Controls**

**5.1 What internal and/or external control mechanisms are in place to ensure compliance of the portfolio with the ESG rules on managing the fund(s) as defined in section 4?**

We have in place a combination of processes and specific policies designed to provide for compliance of the portfolio with its investment guidelines and objectives.

ESG research coverage for the WHEB fund vehicles is 100%, and as such, each stock is allocated an impact engine and quality score, which is recorded in our research management tool, Factset IRN.

The principle control mechanism that ensures compliance with ESG rules on managing the strategy is the Independent Advisory Committee. This group is composed of 4-6 external members along with WHEB's Non-Executive Chairman. The Committee is composed of independent experts with experience in sustainability and investment. They meet every four months to review the composition of the strategy and specifically any new holdings. They review these holdings to determine whether they believe that they are consistent with the strategy. As part of our commitment to greater accountability and transparency, the summary minutes of these meetings are then published on the WHEB website. These can be found at <https://www.whebgroup.com/reporting-impact-investment/advisory-committee-minutes>

Our Investment and Risk Committee (IRC) monitors investment risk, as well as compliance and business risk. Any issues (including a breach of investment guidelines or objectives) are escalated to, and our response overseen by, the IRC in the first instance. The IRC comprises the Managing Partner & CRO together with the Non-Executive Chair of the firm.

Compliance with the requirements of investment guidelines and objectives is additionally built in to automated pre- and post-trade compliance checks, which cover general UCITS rules as well as mandate specific requirements. A trade which does not comply with these rules cannot be added to the system for execution. These automated processes are complemented by routine reconciliations performed by the Operations team.

This multi-layer framework provides for independence of oversight from the investment process.

## 6. Impact measures and ESG reporting

### 6.1 How is the ESG quality of the fund assessed?

We continuously assess the ESG quality of the fund using a variety of different metrics. This includes the impact intensity scores and ESG indicators as set out in 6.2 below. It also includes the fundamental quality scores which cover key ESG data points. We also monitor ESG controversies in portfolio companies as part of our quality assessment as well as governance concerns.

We report this information publicly including through quarterly reports detailing all the holdings in the portfolio which are available on the iMGP website (by end 2022 for portfolio managed by WHEB since 1 July 2022), and including portfolio performance reported against environmental, social, governance and human rights metrics.

In addition to the full portfolio holdings and the independent advisory committee meeting minutes, we also publish an annual impact report and associated website. These resources give detailed information on key parameters including the positive impact of the strategy in absolute terms categorised according to the UN Sustainable Development Goals. They also detail performance based on key ESG criteria, such as gender balance and carbon footprinting data at a portfolio level.

### 6.2 What ESG indicators are used by the fund?

We have identified four key performance indicators for the strategy, encompassing an environmental, a social, a governance and a human rights issue. These are detailed in the table below with performance figures for the portfolio as at 31<sup>st</sup> December 2022:

	KPI	unit	Coverage	iMGP fund	Benchmark
Environmental	Carbon efficiency	Tonnes of GHG (Scope 1 & 2) emissions per \$1M revenue	96%	48.85	180.61
Social	Rate of accidents	Number of accidents per million hours worked	81%	2.32	9.58
Governance	Executive pay	Ratio of executive level pay to average employee pay	80%	45.40x	69.50x
Human rights	Violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Percentage	100%	0.00%	17.71%

WHEB will seek to outperform the benchmark on a minimum of two of these metrics, the primary measures selected being Carbon Efficiency and Human Rights (noting that this is in accordance with the requirement for a minimum coverage of 90% for the first and 70% of the second).

### 6.3 What communication resources are used to provide investors with information about the SRI management of the fund?

In addition to the materials that are directly available from iMGP, WHEB also provides extensive commentary and performance reporting on the WHEB global strategy and approach on our website. This includes:

- Annual Impact Report - <https://www.whebgroup.com/reporting-impact-investment/impact-reports>
- Quarterly client reports including data on engagement and voting - <https://www.whebgroup.com/impact-investment-funds/sustainability-fund-oeic/quarterly-reports-fp-wheb-sustainability-fund-oeic>
- Website providing detailed case studies on engagement, links with the UN SDGs, an interactive impact calculator - <https://www.whebgroup.com/investing-for-impact/stewardship/engagement-case-studies>
- Independent Advisory Committee summary meeting minutes - <https://www.whebgroup.com/reporting-impact-investment/advisory-committee-minutes>
- Full voting records - <https://www.whebgroup.com/investing-for-impact/stewardship/voting-records>
- Annual stewardship report (<https://www.whebgroup.com/reporting-impact-investment/stewardship-reports>)
- UN PRI transparency and assessments reports - <https://www.whebgroup.com/reporting-impact-investment/external-reports>
- Full portfolio holdings updated every four months - <https://www.whebgroup.com/investing-for-impact/our-portfolio>
- Regular blogs and videos describing key aspects and performance of the fund - <https://www.whebgroup.com/our-thoughts>
- An annual client conference where we present information and receive questions from clients of all sizes (all clients are invited to attend).

Over the next year as we go through the annual reporting cycle, we intend to make these materials available for the iMGP Sustainable Europe Fund where not already done so.

**6.4 Does the fund management company publish the results of its voting and engagement policies?**

Yes – these are available as detailed above.