



PUBLIC CLIMATE REPORT

2021 PILOT

WHEB Asset Management

Updated 2022-03-09

PROVISIONAL

About this report

Climate is a top priority for PRI signatories. More than 85% of asset owners report that they view climate change as a long-term trend resulting in investment risks. As a result, the PRI introduced climate-specific indicators to the Reporting Framework.

The climate-specific indicators are aligned to the FSB Task Force on Climate-Related Financial Disclosure's (TCFD) guidance, which aims to create a single framework for disclosure on assessment and management of climate-related risk.

This **Public Climate Report** is an export of the signatory's responses to the climate-related indicators from the 2021 Reporting Framework. It includes their responses to mandatory indicators, as well as responses to voluntary indicators that the signatory has agreed to make public. It is a climate-focused subset of the full **Public RI Report**, which is [available here](#).

The information is presented exactly as it was reported. Where an indicator offered a multiple-choice response, all options that were available to select from are included for context. While presenting the information verbatim results in lengthy reports, the approach is informed by signatory feedback that signatories prefer that the PRI does not summarise the information.

Context

In consultation with signatories, between 2018 and 2020 the PRI extensively reviewed the Reporting and Assessment processes and set the ambitious objective of launching in 2021 a completely new investor Reporting Framework, together with a new reporting tool.

We ran the new investor Reporting and Assessment process as a pilot in its first year, and such process included providing additional opportunities for signatories to provide feedback on the Reporting Framework, the online reporting tool and the resulting reports. The feedback from this pilot phase has been, and is continuing to be analysed, in order to identify any improvements that can be included in future reporting cycles.

PRI disclaimer

This document presents information reported directly by signatories in the 2021 reporting cycle. This information has not been audited by the PRI or any other party acting on its behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented.

The PRI has taken reasonable action to ensure that data submitted by signatories in the reporting tool is reflected in their official PRI reports accurately. However, it is possible that small data inaccuracies and/or gaps remain, and the PRI shall not be responsible or liable for such inaccuracies and gaps.

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Climate change

Public support

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 26	CORE	N/A	N/A	PUBLIC	Public support	General

Does your organisation publicly support the Paris Agreement?

(A) Yes, we publicly support the Paris Agreement Add link(s) to webpage or other public document/text expressing support for the Paris Agreement:

<https://www.whebgroup.com/wheb-is-proud-to-be-a-founding-member-of-the-net-zero-asset-managers-initiative/>

(B) No, we currently do not publicly support the Paris Agreement

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Public support

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 27	CORE	N/A	N/A	PUBLIC	Public support	General

Does your organisation publicly support the Task Force on Climate-Related Financial Disclosures (TCFD)?

(A) Yes, we publicly support the TCFD Add link(s) to webpage or other public document/text expressing support for the TCFD:

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). Our TCFD statement can be found on pages 26-28 of our 2016 Impact Report at <https://impact.whebgroup.com/media/2020/06/WHEB-Impact-Report-2016-1.pdf>

(B) No, we currently do not publicly support the TCFD

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Governance

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 28	CORE	N/A	N/A	PUBLIC	Governance	General

How does the board or the equivalent function exercise oversight over climate-related risks and opportunities?

(A) By establishing internal processes through which the board or the equivalent function are informed about climate-related risks and opportunities. Specify:

WHEB Asset Management is structured as an English Limited Liability Partnership (LLP). The Senior Management Team of WHEB Asset Management has ownership of WHEB Asset Management alongside WHEB Group. The Senior Management Team (SMT) comprises George Latham (Managing Partner), Ted Franks (Fund Manager), Seb Beloe (Head of Research), and Geoff Hall (Non-Executive Chairman). The principal objective of the firm's single strategy is to invest in companies that are enabling and benefiting from the transition to a zero carbon and more sustainable economy. Three of the four SMT members are actively involved in a day to day capacity in assessing and understanding climate related risks and opportunities.

These insights are brought directly to the SMT where climate change is an integral part of discussions of the team and feature regularly as part of deliberations on the strategic outlook for the business. The vast majority of this discussion is focused on transition risks and opportunities for the WHEB business and in particular changing appetites among asset owners and other investors for investment strategies that focus on sustainability.

(B) By articulating internal/external roles and responsibilities related to climate. Specify:

From its inception, WHEB's investment strategy was designed to avoid the transition risks associated with climate change. As the entire business is focused on sustainable and impact investing, the whole team and especially the three partners and the investment team, are responsible for implementing the strategy's objective and ESG considerations in which climate is a significant factor. Seb Beloe, Head of Research and Partner, oversees the ESG analysis, engagement, and voting, all of which have a strong focus on climate-related risks and opportunities.

Each employee in WHEB's team is provided with agreed upon KPIs which are bespoke to each role and designed to align remuneration with outcomes for clients. KPIs for investment team colleagues include the performance of the fund over one and five years alongside other measures of impact and sustainable investment outcomes.

Seb Beloe, Head of Research and Partner, oversees the ESG analysis, engagement, and voting. Under the firm's Net Zero Carbon policy covering operational emissions, the Senior Management Team also oversee contract negotiations with suppliers to include a requirement to measure and report greenhouse gas (GHG) emissions wherever possible. This policy states that, over time, our contractual commitments will require a progressive reduction in GHG emissions from suppliers in-line with accepted science.

(C) By engaging with beneficiaries to understand how their preferences are evolving with regard to climate change. Specify:

The Senior Management Team (SMT) is heavily involved with business development and client relationship management activities across the business. This includes regular communications with prospective and existing clients and individual update meetings at WHEB offices or investor offices on request, quarterly update webinars, annual investor conference, annual investor Christmas tea, speaking and presenting at other conferences on the fund and issues around sustainable investing and impact. These events provide many opportunities for the SMT to speak directly to investors and understand their needs and preferences around climate change.

Indirectly, the SMT's involvement with industry networks and associations focused on sustainable investing and public policy issues provides an insight into broader societal preferences regarding climate-related risks and opportunities. For example, during 2020, Seb Beloe engaged directly with policy makers in the UK and internationally on climate change through our input to the European Commission consultations on the EU Taxonomy and SFDR. We also provided input, such as direct feedback, into the UK Government on new initiatives on sustainable finance in the UK. This included feeding into the work of the Financial Reporting Council, UKSIF and IIGCC. The increasing reach of such policies reflects a growing societal appreciation for climate risks and opportunities to be integrated into investment decisions, which we are very supportive of.

As well as climate change, WHEB has engaged with policy makers on other sustainability issues including toxic chemicals, human rights and supply chains and long-termism in capital markets.

(D) By incorporating climate change into investment beliefs and policies. Specify:

We are structurally absent from sectors which face major climate transition risks such as fossil fuel production or power generation, cement, steel and bulk chemicals.

We have a written policy on climate risk that is included in our impact report and we have further commentary on our website making these points. Beyond this though, the transition of the global economy to a zero carbon and more sustainable economy is the fundamental investment belief on which the investment strategy is based. This transition is creating risks that for some sectors are existential threats. For others transition risk is better described as a transition opportunity, as the global economy orientates towards companies providing low and zero carbon solutions.

Our investment strategy is focused on these companies providing solutions to climate change as well as other critical social and environmental challenges.

(E) By monitoring progress on climate-related metrics and targets. Specify:

Partner and Head of Research, Seb Beloe is oversees research and reporting of climate-related metrics and targets for both the portfolio and the firm itself. These are reported annually in our Impact Report. Approximately 60% of the portfolio is invested in companies that sell products and services that enable the economy as a whole to transition to a zero carbon status (the remainder is invested in companies with a positive social impact). Bloomberg analysis suggests that the number is closer to 64%. We have done some preliminary work assessing the extent to which our portfolio is aligned with the EU Taxonomy. We believe that this is somewhere between 12%-40% of the portfolio. We are also signatories to the Net Zero Asset Managers Initiative. Approximately 20% of the portfolio has already achieved net zero carbon emissions or has committed to be net zero carbon by 2050 at the latest.

We have also reported portfolio scope 1 and 2 emissions since 2016. We started to reported scope 4 (avoided carbon) emissions in 2018 and reported estimated scope 3 portfolio emissions in 2020. This data is published in our annual impact report.

(F) By defining the link between fiduciary duty and climate risks and opportunities. Specify:

The WHEB investment strategy fulfils its fiduciary duty by embedding consideration of climate risks and opportunities across the entire investment process. From its inception, the WHEB investment strategy has been focused on companies providing solutions to sustainability challenges. We fundamentally believe that companies that are providing solutions to sustainability challenges are going to enjoy many years of above average revenue growth because the world needs more of what they sell. Companies further up the value chain that have significant revenue exposure (>50%) to these types of companies are also investable for us. Therefore, for most of our portfolio, the transition to a zero carbon and more sustainable economy is a transition opportunity.

The thematic structure of the fund also means that we are entirely absent from carbon-intensive parts of the economy including those areas that are most at risk from a transition to a low carbon economy.

The universe of companies

providing solutions to critical environmental and social pressures confronting society therefore creates an investment universe with superior growth prospects. In addition to this, we integrate ESG issues within our bottom up stock analysis in order to identify high quality companies with strong management teams as we believe that these companies are more likely to be able to capture profitable growth opportunities over time.

Our stewardship activity considers climate related risks and opportunities as set out in our Stewardship & Engagement policy document.

Moreover, as a B Corp, WHEB has been certified as having met with the higher standards of social and environmental performance, transparency and accountability. This includes a commitment to building long-term value that is created through a purpose which aligns all stakeholder interests, including those of shareholders.

(G) Other measures to exercise oversight, please specify:

(H) The board or the equivalent function does not exercise oversight over climate-related risks and opportunities

Climate change

Governance

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 29	CORE	N/A	N/A	PUBLIC	Governance	General

What is the role of management in assessing and managing climate-related risks and opportunities?

(A) Management is responsible for identifying climate-related risks/opportunities and reporting them back to the board or the equivalent function. Specify:

The partnership team is also the Senior Management Team. (SMT) and the team behind WHEB's strategy. By focusing on companies that provide solutions to sustainability challenges, the strategy identifies companies that benefit from and enable a transition to a low carbon, sustainable economy. Climate-related risks and opportunities are therefore given considerable thought.

As the entire business is focused on sustainable and impact investing, the whole team, and especially the three partners and the investment team, are responsible for implementing the strategy's objective and ESG considerations.

Climate change is an integral part of the discussions of WHEB's senior decision-making body and features regularly as part of deliberations on the strategic outlook for the business. The vast majority of this discussion is focused on transition risks and opportunities for the WHEB business and in particular changing appetites among asset owners and other investors for investment strategies that focus on sustainability.

The partners answer to WHEB's independent Investment Advisory Committee which meets three times a year to review the strategy's holdings and ensure they meet with the letter and the spirit of the fund's sustainability criteria. If a holding is deemed inappropriate, the Committee can recommend that holding be sold. The committee also provides us with intelligence and a discussion forum on strategic developments in our themes.

(B) Management implements the agreed-upon risk management measures. Specify:

On a day-to-day basis all members of the Investment Team, overseen by Seb Beloe (Partner and Head of Research) and Ted Franks (Partner and Fund Manager) are responsible for implementing agreed upon climate-related risk management measures that are embedded within the strategy. In turn the investment decisions are reviewed by the Investment Advisory Committee three times a year.

The partnership/Senior Management Team committed the business to the Net Zero Asset Managers Initiative in December 2020. Under this initiative, WHEB has committed to having 100% of the portfolio committed to net zero carbon emissions by 2030 at the latest.

We have also a separate commitment to achieve net zero carbon emissions from our own business by 2025. This represents a significant undertaking for WHEB with respect to climate-related risk management.

(C) Management monitors and reports on climate-related risks and opportunities. Specify:

The partnership team is also the Senior Management Team (SMT) and the team behind WHEB's strategy. The strategy is invested in nine different investment themes with five of the nine focused on environmental themes. The thematic structure of the fund means that we are entirely absent from carbon-intensive parts of the economy including those areas that are most at risk from a transition to a low carbon economy. We are also structurally focused on those parts of the economy such as renewable energy, energy efficiency in buildings and manufacturing as well as sustainable transport (e.g., rail, buses and electric vehicles) and water management that we believe are well-placed to enable and benefit from a transition to a low carbon economy. The strategy therefore embeds a <2°C scenario and mitigation actions taken by regulators will, we believe, have strong positive impacts on our portfolio. This is an explicit objective that is core to WHEB's investment strategy.

However, we are also

alive to the risks that climate change represents for our portfolio and have conducted a number of scenario stress tests using third-party datasets and tools. These analyses include both transition risk and physical risk. Transition risk is primarily limited to risks associated with an increasing cost of carbon (technology risk more than compensated for by our focus on companies providing solutions to climate change). In addition, we have assessed the portfolio for exposure to physical risks. These are limited primarily to the risk of coastal flooding.

At a stock-level, we analyse the impact of carbon-reduction policy scenarios in key markets. More aggressive policies are beneficial to stocks in the portfolio, increasing demand for products and services they sell.

We report metrics such as the weighted average carbon intensity (WACI) of the strategy, alongside other key climate-related metrics, in our annual impact report. Additionally, in 2016, WHEB was among the first asset

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managers to report in-line with guidance from the Taskforce on Climate-related Financial Disclosures (TCFD). Our TCFD statement can be found on pages 26-28 of our 2016 Impact Report at <https://impact.whebgroup.com/media/2020/06/WHEB-Impact-Report-2016-1.pdf>

☑ (D) Management ensures adequate resources, including staff, training and budget, are available to assess, implement and monitor climate-related risks/opportunities and measures. Specify:

The Senior Management Team ensures that the investment and distribution teams receive adequate ESG training upon joining the business. This training is tailored to specific job roles. For the investment team, training takes place on an ongoing basis. Training needs are continually being assessed to ensure that the whole team's knowledge remains up to date.

Following significant growth in AuM during 2020, WHEB has welcomed several new team members to support the business. Fanny Ruighaver was appointed as a new EU-based Business Development Director in November. She has since been joined in the business development team by Rachael Monteiro, working with Sarah Briscoe based in WHEB's London office. WHEB has also added a fifth analyst to the investment team with the appointment of Claire Jervis and will soon be adding a sixth member to the investment team. In addition, WHEB is currently recruiting for a Risk and Performance Analyst to join the Operations team. Understanding, reporting

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and engaging with clients on climate-related issues is a core part of this team's role.

ESG analysis is integral to our investment process and WHEB sources its own ESG research. We access underlying primary ESG data through a combination of Sustainability Accounting Standards Board and Bloomberg data. Our company ESG analysis draws on other research resources including information provided by companies, engagement activity and meetings with companies, ISS for the analysis of corporate governance, media articles and sell-side research and meetings with analysts. We publish an annual snapshot of the portfolio for clients and other interested stakeholders this includes the strategy's ESG footprint (including several aspects relating to carbon) and is compared with that of the MSCI World Index, based on data that is assembled by a specialist independent consultant, Impact Cubed.

WHEB is supportive of a wide number of industry associations and networks which contribute to the creation of

a more sustainable investment market. Partner, Seb Beloe works with many of these networks such as the Future Fit Foundation, The Big Exchange and IIRC to advise on policy and development.

They also play an important role in the development of our thinking around positive impact investing and in developing robust frameworks that define the type of data that we are looking for. Especially, because impact data is still poorly defined by the market. Over the past year we have developed a bespoke tool to underpin a systematic approach to codifying impact across different themes and end markets. Known as WHEB's 'Impact Engine', this is now a core part of our investment process. The tool is used to collect and organize impact data across five dimensions and leads to an overall impact 'intensity' rating. 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.

(E) Other roles management takes on to assess and manage climate-related risks/opportunities, please specify:

At a policy level, the Senior Management Team are proactive members of organisations seeking to leverage the voice of institutional investors and asset owners to make meaningful change through stronger policy.

These organisations include: the Institutional Investors Group on Climate Change (IIGCC), which we have been a leading contributor to as part of the Paris Aligned Investment Initiative; the British Standards Institute (BSI), where we have served as a member of the Technical committees for the development of specifications on sustainable finance; the Future Fit foundation, whose advisory board Seb Beloe sits on and which is creating tools for companies and investors to better understand how their businesses can thrive in a transition to a more sustainable future; the Net Zero Carbon 10 initiative, which allows fund managers to better align their investment policies to the requirement for carbon-neutrality, rather than just emissions reduction; and, the Net Zero Asset Manager’s Initiative, which aims to support investing aligned with net zero emissions by 2050 or sooner.

(F) Our management does not have responsibility for assessing and managing climate-related risks and opportunities

Climate change

Strategy

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 30	CORE	N/A	Multiple, see guidance	PUBLIC	Strategy	General

Which climate-related risks and opportunities has your organisation identified within its investment time horizon(s)?

(A) **Specific financial risks in different asset classes. Specify:**

The WHEB investment strategy seeks companies whose products and services enable and therefore, benefit from, the transition to a zero carbon more sustainable economy. In doing so, it is structurally absent from sectors which are most at risk of a permanent loss of capital.

We estimate that approximately 20% of the total global equity market is comprised of businesses whose products or services have an overt negative externality, such as tobacco, fossil fuels and other ‘sin stocks’. Such externalities have major economic, environmental and social costs that are not captured in the profit and loss account of that company but, are instead born by society at large. Businesses in this category therefore face existential threat as the world becomes more sustainable.

Another, larger proportion of the economy includes businesses that are producing products and services that will still be needed in a sustainable, zero carbon economy. However, they are not part of the solution and still create negative externalities through their operational activities. Businesses in this portion of the economy consequently require significant efforts to redesign their sourcing, manufacturing and distribution models. Alternatively, their profitability is linked to overconsumption. Either way, these businesses face or are susceptible to a transition risk. These businesses account for roughly 60% of the economy.

(B) **Specific sectors and/or assets that are at risk of being stranded. Specify:**

We seek to add value by identifying critical challenges that are facing the global population over the next few decades. We then derive a range of themes, consisting of companies that are providing solutions to these challenges as the global economy shifts, through necessity, to a more sustainable footing. Within each theme, we identify the leading companies and carry out deep financial, as well as ESG analysis, adding further value through our stock selection.

In addition, when we analyse companies, we consider potential negative impacts associated with their products and services as well as their operations. We only invest in companies where we are clear on the overall positive impact of the business.

As a result of this approach, we have never invested in any company with activities substantially related to the provision of fossil-fuel exploration or production nor of fossil fuel power generation. We also assess companies for upstream and downstream exposure to fossil fuels and factor this into our overall investment view. This explicitly includes any risk associated with asset stranding due to climate change transition or adaptation.

(C) Assets with exposure to direct physical climate risk. Specify:

We consider carbon risk as part of our core investment analysis on each stock and then review exposure on an ongoing basis through our carbon footprinting (Bloomberg and Impact Cubed data), physical risk (using MSCI data) and our engagement activities. We believe that our investment strategy is well-positioned for any scenario in which the global economy moves to progressively decarbonise.

We have begun some initial work looking at the exposure of the strategy to physical risks. At the higher levels of global temperature change, the strategy will be more exposed to the physical risks of climate change (along with the global economy). This is an area that we plan to do more work on in the near future. We have also made some investments in companies that supply climate adaptation technologies and services within our investment themes.

(D) Assets with exposure to indirect physical climate risk. Specify:

We have done some preliminary work on indirect physical risk principally in areas where critical suppliers to investee companies may have significant physical climate risk. Our initial research in this area suggest that this relatively limited to date, but it is an area that we plan to do additional work on.

(E) Specific sectors and/or assets that are likely to benefit under a range of climate scenarios. Specify:

Our strategy is invested in nine different investment themes with five of the nine focused on environmental themes. The thematic structure of the fund means that we are entirely absent from carbon-intensive parts of the economy including those areas that are most at risk from a transition to a low carbon economy. We are also structurally focused on those parts of the economy such as renewable energy, energy efficiency in buildings and manufacturing as well as sustainable transport (e.g., rail, buses and electric vehicles) and water management that we believe are well-placed to enable and benefit from a transition to a low carbon economy. The strategy therefore embeds a <2°C scenario and mitigation actions taken by regulators will, we believe, have strong positive impacts on our portfolio. This is an explicit objective that is core to WHEB's investment strategy.

At a stock-level, we analyse the impact of carbon-reduction policy scenarios in key markets. More aggressive policies are beneficial to stocks in the portfolio, increasing demand for products and services they sell.

In addition, each year, we attempt to improve the way we approach and integrate these issues into our investment process and fund, based on improving knowledge and tools. For example we have committed to a goal of net zero emissions from the portfolio by 2050 or sooner under the Net Zero Asset Managers Initiative. Consequently, this has already been, and will be, a focus of much of our engagement with investee companies going forward.

(F) Specific sectors and/or assets that contribute significantly to achieving our climate goals. Specify:

Within our sustainability themes, we look for companies that can be considered both direct and indirect enablers of the transition to a low carbon, more sustainable economy. We also consider which is the most attractive part of the value chain is for any particular market, upstream and downstream. Therefore, companies further up the value chain that have significant revenue exposure (>50%) to climate solutions are also investable for us.

As a result, the strategy consists of companies that should enjoy many years of above average revenue growth because the world needs more of what they sell in order to decarbonise. To achieve ambitious net zero targets, much of the economy will need to change the way they plan and design products, how they manufacture, including the equipment they use, how they heat and cool their buildings, how they manage transport and logistics and where they get their energy from.

Examples of companies in our strategy that will contribute to the achievement of climate goals include: Daikin and AO Smith (buildings), Silicon Labs and Xylem (equipment), Kion and Daifuku (Logistics), Arcadis and Autodesk (planning and design) Keyence and Renishaw (manufacturing processes) and TPI Composites and Vestas (renewable energy).

- (G) Other climate-related risks and opportunities identified. Specify:
- (H) We have not identified specific climate-related risks and opportunities within our organisation's investment time horizon

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Strategy

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 30.1	CORE	ISP 30	N/A	PUBLIC	Strategy	General

For each of the identified climate-related risks and opportunities, indicate within which investment time-horizon they were identified.

	(1) 3–5 months	(2) 6 months to 2 years	(3) 2–4 years
(A) Specific financial risks in different asset classes [as specified]	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
(B) Specific sectors and/or assets that are at risk of being stranded [as specified]	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
(C) Assets with exposure to direct physical climate risk [as specified]	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>

(D) Assets with exposure to indirect physical climate risk [as specified]

(E) Specific sectors and/or assets that are likely to benefit under a range of climate scenarios [as specified]

(F) Specific sectors and/or assets that contribute significantly to achieving our climate goals [as specified]

(4) 5–10 years

(5) 11–20 years

(A) Specific financial risks in different asset classes [as specified]

(B) Specific sectors and/or assets that are at risk of being stranded [as specified]

(C) Assets with exposure to direct physical climate risk [as specified]

(D) Assets with exposure to indirect physical climate risk [as specified]

(E) Specific sectors and/or assets that are likely to benefit under a range of climate scenarios [as specified]

(F) Specific sectors and/or assets that contribute significantly to achieving our climate goals [as specified]	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	(6) 21–30 years	(7) >30 years
(A) Specific financial risks in different asset classes [as specified]	<input type="checkbox"/>	<input type="checkbox"/>
(B) Specific sectors and/or assets that are at risk of being stranded [as specified]	<input type="checkbox"/>	<input type="checkbox"/>
(C) Assets with exposure to direct physical climate risk [as specified]	<input type="checkbox"/>	<input type="checkbox"/>
(D) Assets with exposure to indirect physical climate risk [as specified]	<input type="checkbox"/>	<input type="checkbox"/>
(E) Specific sectors and/or assets that are likely to benefit under a range of climate scenarios [as specified]	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(F) Specific sectors and/or assets that contribute significantly to achieving our climate goals [as specified]	<input checked="" type="checkbox"/>	<input type="checkbox"/>

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Strategy

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 31	CORE	N/A	N/A	PUBLIC	Strategy	General

Which climate-related risks and opportunities has your organisation identified beyond its investment time horizon(s)?

(A) Specific financial risks in different asset classes. Specify:

Infrastructure investments face particularly acute climate-related risks beyond our investment time horizon.

(B) Specific sectors and/or assets that are at risk of being stranded. Specify:

We believe that businesses whose products or services have an overt negative externalities create major economic, environmental and social costs which are born by society at large. As we transition to a zero carbon more sustainable world, these businesses are at risk of a permanent loss of capital.

In addition, we avoid 'so-called' bridging technologies where there is no clear trajectories to a zero-carbon future e.g. Natural Gas.

(C) Assets with exposure to direct physical climate risk. Specify:

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 at higher levels of climate change. We continue to research this area more thoroughly.

(D) Assets with exposure to indirect physical climate risk. Specify:

We are absent from many sectors that we believe will be impacted by indirect physical climate risks, even beyond our investment time horizons. For example, we do not invest in companies that sell real estate in regions such as Florida that are susceptible to coastal flooding as a result of climate change. We have also minimal exposure to agricultural supply-chains where indirect physical impacts are a growing risk. Nonetheless we do consider this issue in our research.

(E) Specific sectors and/or assets that are likely to benefit under a range of climate scenarios. Specify:

We believe that our investment strategy is well-positioned for any scenario in which the global economy moves to progressively decarbonise. Companies whose activities support our nine investment themes are likely to benefit under a range of climate scenarios.

(F) Specific sectors and/or assets that contribute significantly to achieving our climate goals. Specify:

We believe that our investment strategy is well-positioned for any scenario in which the global economy moves to progressively decarbonise. Companies whose activities support our nine investment themes are likely to benefit under a range of climate scenarios. We are closely watching emerging trends, such as blue or green hydrogen which would sit within our Cleaner Energy theme. As positive impact investors, we are excited about opportunities in this space and the potential to grow hydrogen and reduce carbon emissions. However, we have so far found few investible companies either due lack to lack of size or profitability, suggesting that viable direct investments in hydrogen are beyond our current time horizons for now. Instead, we have strategically positioned the portfolio for exposure to hydrogen through established companies which have a footprint in this space, such as Linde or Kion.
<https://www.whebgroup.com/is-it-time-to-jump-on-the-hydrogen-bandwagon/>

- (G) Other climate-related risks and opportunities identified, please specify:
- (H) We have not identified specific climate-related risks and opportunities beyond our organisation's investment time horizon

Climate change

Strategy: Scenario analysis

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 33	CORE	N/A	ISP 33.1	PUBLIC	Strategy: Scenario analysis	General

Does your organisation use scenario analysis to assess climate-related investment risks and opportunities? Select the range of scenarios used.

- (A) An orderly transition to a 2°C or lower scenario
- (B) An abrupt transition consistent with the Inevitable Policy Response
- (C) A failure to transition, based on a 4°C or higher scenario
- (D) Other climate scenario, specify:
- (E) We do not use scenario analysis to assess climate-related investment risks and opportunities