Ethical Outcomes from Impact Investing – the WHEB approach

WHEB approach

As an impact investor, we consider the positive social and environmental impact of our investments as a critical part of our investment process. When we consider impact, we consider the products or services created by the company, as well as the way in which the company creates those products and services, which includes environmental, social and governance (ESG) analysis. We also measure and report the impact of our investments.

Positive impact criteria

We only invest in companies providing solutions to sustainability challenges, which is, by definition, a positive impact activity. We apply this principle rigorously using fixed criteria. Specifically, at least half of the company's revenues[i] must be derived from businesses with positive impact related to our sustainability investment themes[ii]. In practice, most holdings are 100% exposed to the themes, and the weighted average across the fund is over 80% exposure so we are confident that the strategy's overall impact is strongly positive. Based on these criteria, circa 85% of companies in the MSCI World Index do not qualify for investment.

Consideration of negative impacts

When we analyse companies, we also 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, we have never invested in any company with substantial activities (defined as more than 5% of revenues) related to products and services that we consider have a significant negative impact. Such companies would not be considered to have an overall positive impact and would therefore be ineligible for investment.

Activities covered include the production and sale of:

- **Alcohol**
- **Cannabis** for recreational use
- **Controversial (predatory) lending** activities
- **Conventional weapons**, including civilian firearms. Also includes military contracting where this is focused on weapon-related products and/or services
- **Cosmetics involving animal testing** (animal testing is permitted where required by regulators for the approval of healthcare products)
- **Carbon intensive electricity generation**, i.e. with a GHG intensity of more than 100g CO_2e/kWh
- **Intensive farming or fishing** activities
- **Fossil fuel** production, including exploration, mining, extraction, manufacturing and distribution, covering gaseous, solid and liquid fuels. Includes hard coal (e.g. thermal), lignite and oil sands, for which a 1% threshold applies
- **Fur**
- **Gambling** services
- **GMOs** where they are released into the natural environment
- **Nuclear power generation** activities

WHEB is now a part of Guinness Global Investors

Guinness Asset Management Limited
18 Smith Square,
London,
SW1P 3HZ
www.guinnessgi.com

Guinness Asset Management Ltd, trading as Guinness Global Investors is registered at Companies House as a private limited company in England and Wales with company number 04647882.

Guinness Asset Management Ltd is authorised and regulated by the Financial Conduct Authority. The company's FCA reference number is 223077.

Contact: info@guinnessgi.com, +44 (0)20 7222 5703

- Unsustainable **palm oil**
- **Pornography**; and
- Unsustainable **timber** products.

Avoiding significant harm

In addition, the strategy will not have any exposure to companies involved in the following activities, and a 0% revenue threshold applies to:

- Production of tobacco, manufacture of nicotine alternatives and tobacco-based products
- Development, production and maintenance of nuclear weapons; and
- Development and production of biological and chemical weapons, depleted uranium ammunition/armour, anti-personnel mines or cluster munitions/sub-munitions and their key components, in line with international regulations banning investment in these industries[iii]. Whilst not specifically a banned weapon, we include white phosphorus in this definition in line with its status as a highly controversial weapon.

ESG and minimum quality standards

Our investment process actively reviews the ESG quality of a business. Companies with persistently poor practices regarding equal employment opportunities, human rights and environmental management are highly unlikely to be selected for investment. If a company is considered particularly weak (scoring a zero) on any single metric in our fundamental quality analysis, or scores less than 50% overall, it will not be eligible for investment.

We use a third-party screening tool, being Morningstar Sustainalytics, to help us assess company compliance with international norms on human and labour rights, environmental standards and anti-corruption standards, and exclude any company in violation.

The process that we use explicitly considers the following frameworks:

- UN Global Compact Principles
- OECD Guidelines for Multinational Enterprises
- UN Guiding Principles for Business and Human Rights; and
- UN Sustainable Development Goals.

These frameworks, in turn, reference a variety of international agreements and conventions[iv,v].

Safeguards

Consideration of impact is central to our investment process. Our Impact Investment Team carries out all impact and ESG analysis. Additional tools that underpin and safeguard this approach include:

- A full list of the portfolio holdings, along with a brief impact investment thesis, is updated quarterly on our website.
- Any exposure to controversies would be reviewed by our internal Investment & Risk Committee, and our independent Investment Advisory Committee. Controversies are flagged as and when they arise through portfolio monitoring via Morningstar Sustainalytics and followed up by the PIC (analyst in charge)
- Our internal Investment & Risk Committee reviews the Impact Investment Team's decisions monthly; and
- Our independent Investment Advisory Committee reviews the decisions again every four months with a specific remit to consider compliance with the stated positive impact philosophy, policies, and

objectives of the strategy. The minutes of the Committee meetings include a summary of discussions of each stock purchased and are published on our website.

Time to comply

If an investee company no longer meets the strategy's sustainable investment criteria (for example, due to new information coming to light, or resulting from a change in business mix), we will not make any further investments in the company and will engage with company management to improve this.

If we consider their response, or subsequent changes, to be insufficient, we will seek to realise our investment in the company in an orderly fashion.[vi] We can hold up to 5% in cash to help with flexibility when buying and selling shares.

Customisation

In relation to segregated accounts, we aim to accommodate client requirements for specific ethical screens, if required.

Signed:



Ted Franks, Portfolio Manager

Dated:

1st October 2026

[i] Throughout this document, 'revenues' refers to gross revenues as reported by the company.

[ii] In exceptional circumstances, the independent Investment Advisory Committee may approve stocks that are below 50% so long as there is clear visibility to achieving this threshold.

[iii] See https://stopexplosiveinvestments.org/wp-content/uploads/sites/6/201910_Factsheet-states-best-practices.pdf for a list of countries with effective bans on investment in controversial weapons.

[iv] These include: The International Covenant on Civil and Political Rights (ICCPR), The International Covenant on Economic, Social and Cultural Rights (ICESR), International Labour Conventions, Rio Declaration on Environment and Development, The Convention on Biological Diversity, The UN Framework Convention on Climate Change, The Paris Agreement and The UN Convention against Corruption.

[v] Determining whether a given company complies with these principles is inherently subjective. WHEB's decisions are based on the views of third-party data providers that we use. Where these views are not aligned with other third parties, we will encourage our provider to resolve areas of misalignment.

[vi] We would ordinarily expect to fully exit the position within three months unless extenuating circumstances cause the exit process to take longer.