

## UN PRI Senior Leadership Statement

### Our Commitment

#### ■ *Why does your organisation engage in responsible investment?*

Whitley Asset Management's focus is on providing an excellent standard of service to our clients and we go to great lengths to understand them thoroughly, managing their assets according to their and their families' individual needs and values. From this open dialogue with clients and employees we recognise that following a high standard of environmental, social and governance ("ESG") criteria is integral to meeting the expectations of our clients, employees and wider society and to delivering good financial returns.

Fundamentally, we believe that ESG risks are financial risks. Investing responsibly is the best way to deliver long term returns and mitigate these risks. It is becoming increasingly clear that those companies which do not consider their impacts on people and planet face reputational and legal risk and dwindling consumer support. Furthermore, many clients are concerned about the potential adverse impacts of their investments. Thinking about capital preservation over a generational rather than quarterly time frame necessitates a long-term and forward thinking view on ESG as well. Responsible investing also underpins our beliefs that attractive opportunities for investment returns will be found in companies which can address key global challenges such as climate and social equity.

#### ■ *What is your organisation's overall approach to responsible investment, and what major responsible investment commitment(s) have you made?*

WAM's long term approach to investing means we favour companies that have strong ESG practices in place. We look for transparency, openness, and clarity of purpose as well as a compelling investment strategy. Our investment philosophy of thinking like a business owner and investing with a forward-looking focus mirrors the companies we invest in and ensures we are focused on responsible investing. Our concentrated, high conviction investment style means we become familiar with the companies we invest in, both directly and through funds, and monitor them over a long timeframe for developments and commitments that address sustainability. Through our investor partnerships, we can encourage disclosure of environmental and social impact and related commitments and improvements in our investee companies.

WAM's ESG committee focuses on developing our ESG analysis processes, and regularly meets with fellow sustainable investors and data providers. This work is shared throughout the team, and all members of the investment committee are fully involved with ESG research on our companies and funds. ESG analysis is embedded within our investment process. We carry out in-depth qualitative and quantitative research, seeking out granular data rather than picking investments from a pre-selected list or relying on broad-brush, opaque scoring. This is further supported by our partnerships with the UN Principles for Responsible Investment ("PRI"), Carbon Disclosure Project ("CDP") and FAIRR.

## Annual Overview

- *Discuss your organisation's progress during the reporting year on the responsible investment issue you consider most relevant or material to your organisation or its assets.*
- *Reflect on your performance with respect to your organisation's responsible investment objectives and targets during the reporting year. Details might include, for example, outlining your single most important achievement or describing your general progress on topics such as the following (where applicable):*

Over the past year a great deal of progress has been made in how WAM addresses responsible investing. Most significantly, recognising that it is not enough to simply avoid damaging companies, we have begun to address investment stewardship and engagement in a structured way, and have reached several key milestones:

- We have appointed the proxy adviser Glass Lewis to provide research and proxy vote recommendations and have begun to vote our directly held equity shares held with our primary custodian, Multrees Investor Services
- We have created an ESG & Stewardship questionnaire which has been sent to our third party equity fund managers. This covers topics from their proxy voting record, their approach to and outcomes of engagement with companies, and their commitment to certain key investor groups
- We have signed five investor letters through investor partnerships such as CDP and FAIRR, writing to companies with clear room for improvement on specific issues. These have included encouraging companies to report to CDP on their emissions and water and forest use, to set Science-Based Targets committing to 1.5°C aligned emissions reduction targets, and to improve their oversight and stewardship of antibiotics in animal supply chain

In our view, engagement is the most powerful tool we have as investors and stewards of clients' capital. Though not activists, even as a relatively small investment firm we are able to leverage our investor partnerships to harness our collective bargaining power and encourage companies to disclose their performance and improve their activities on some of the most key issues facing the world today, which we believe will also ultimately drive their continued success. A number of our fund managers are the single largest shareholder in some of their companies and have privileged access to management and boards, and so our ability to amplify our reach through managers is significant.

An additional benefit of the engagement work we have started to carry out is that it has deepened our understanding of the companies and funds in which we invest. Proxy voting has improved our analysis of ownership and compensation structures and allows us to push for executives and owners to be better aligned with common shareholders, as well as flag risks where incentives are misaligned. Our fund ESG & Stewardship questionnaire has allowed us to understand in much more detail the extent of the work being done by the funds, improve dialogue with managers and see the value added through these approaches.

We have refined our ESG analysis in direct equities through incorporating ESG data and scores from Bloomberg. We selected these ratings because they provide a readily comparable high level ESG score, but also provide underlying metrics and as a result we can drill down to the specific indicators which comprise the scores rather than simply taking them at face value. Bloomberg

also provides a Net Zero tool which assesses a company's Net Zero commitments and progress towards those.

### Next steps

■ *What specific steps has your organisation outlined to advance your commitment to responsible investment in the next two years?*

In the next two years we aim to continue to develop our approach to responsible investment. Some steps we have outlined to do this include:

- Beginning to report on responsible investment themes and progress to clients
- Implementing the recommendations of the Taskforce for Climate-related Financial Disclosures for our organisation
- Expanding our proxy voting activities to other custodians
- Beginning to move from exclusions-based responsible investing to also tracking the positive and negative impacts of our investments, for example by revenue exposure to UN SDGs
- Deepening engagement with fund managers following analysis of their responses to our ESG/Stewardship questionnaires, as well as their proxy voting record
- Creating asset class specific ESG & Stewardship questionnaires for other funds, starting with fixed income
- Integrating an ESG risk-based approach to portfolio construction
- Conducting an internal analysis of climate-related risk to our business, and creating a low-carbon transition plan

### Conclusion

WAM has for a long time been a conscientious and responsible investor. Edward Whitley founded the Whitley Fund for Nature in 1993 to offer funding and support to the most effective grassroots conservationists around the world. To date the charity has given over £18m to more than 200 conservationists in 80 countries across the Global South. WAM's co-founder and director, Louise Rettie, worked as Grants Manager for the Royal Geographical Society before founding WAM with Edward in 2002. Grounded in this history, and in the firm's investment philosophy of thinking like an owner and taking a long-term view, investing responsibly has been at the forefront of our minds for over 20 years.

There is an important level of skepticism around greenwashing and ensuring investment managers are putting their money where their mouths are. We are therefore pleased that the UN Principles for Responsible Investment provide us a framework to formalise and report on the work we do and to develop it in line with industry best practice, and with the support of peers. We aim to continue to make progress in this area and believe this will directly contribute to a better understanding of our investments, a more accurate assessment of ESG risks, and ultimately better service and risk adjusted returns for our clients.



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Edward Whitley  
Founder & Director



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Louise Rettie  
Founder & Director