

WHEB Asset Management

UK Stewardship Code Disclosure Statement 1 December 2010

Under COBS 2.2 of the FSA Handbook, we are required to make a public disclosure in relation to the nature of our commitment to the above Code, which was published by the Financial Reporting Council ('FRC') in July 2010.

The Code aims to enhance the quality of engagement between institutional investors and companies to help improve long-term returns to shareholders and the efficient exercise of governance responsibilities. It sets out good practice on engagement with investee companies and is to be applied by firms on a "comply or explain" basis. The seven principles of the Code are that institutional investors should:

- Publicly disclose their policy on how they will discharge their stewardship responsibilities;
- Have and publicly disclose a robust policy on managing conflicts of interest in relation to stewardship;
- Monitor their investee companies;
- Establish clear guidelines on when and how they will escalate their activities as a method of protecting and enhancing shareholder value;
- Be willing to act collectively with other investors where appropriate;
- Have a clear policy on voting and disclosure of voting activity; and
- Report periodically on their stewardship and voting activities.

WHEB Asset Management's investment strategy is to invest in those companies which are providing solutions to the key sustainability challenges facing humanity. Therefore, the spirit of what the code is aiming to achieve is at the heart of our investment philosophy.

Our statement of compliance with the seven principles of the Code is set out below:

Policy on discharging stewardship responsibilities

- All investments in the fund are considered on the grounds of their environmental and social performance; only companies with more than a third of their business coming from providing solutions to the problems of climate change, water shortages and an ageing population will be considered for the fund. Corporate governance issues are a key aspect of company analysis, as the managers are convinced the poor corporate governance can have a material impact on risk and share performance. Thus, it is fair to say that environmental, social and governance issues are fully imbedded in our investment strategy.
- We aim to meet all the companies in the portfolio in the course of a year, although as we manage a global portfolio, this is not possible with every holding. When we meet companies, we engage with them, where deemed appropriate or necessary to the company's strategy or risk, on environmental, social or governance issues.
- Stewardship is fully integrated with the investment process. We are long-term shareholders in the companies in our portfolio and consider stewardship of these companies a key aspect of risk management.
- As most of our companies are overseas, and we are a small investor, voting presents a challenge. However, we are exploring potential partnerships with other similar investment houses to vote collectively.

- We are certainly keen to share our stewardship activities by reporting on any key company meetings where engagement has taken place.

Policy on managing conflicts of interest in relation to stewardship

As we manage one fund and have no other investment activities, there is very limited potential for conflicts of interest arising from engaging with companies in our portfolios.

Monitoring of investee companies

Where appropriate, we will monitor our investee companies to determine when dialogue with management may be necessary. Our monitoring process may include the following:

- Satisfying ourselves as to the environmental, social and governance performance of our portfolio companies, where possible, in the case of overseas companies where information around these issues is sometimes limited.
- Where appropriate, meeting company management.
- Retaining thorough records of company meetings and of any votes cast on behalf of our clients.
- Retaining records of reasons for voting against a company's management, or for abstaining.

Our investment monitoring process aims to identify problems at an early stage and concerns will be raised with company management, in writing where appropriate. However, given that our portfolio companies are vetted on the grounds that they are at the cutting edge of providing environmental and healthcare solutions, it is unlikely that we would find ourselves voting against a company in the portfolio. It would be more likely that the company would not be included in the first place, or would be sold if such concerns became apparent.

Guidelines on escalation

If we become concerned about any aspect of an investee company's investment strategy, environmental performance, governance or any other matter, our normal course of action would be to investigate the matter, possibly discuss it with management and then disinvest from the company.

Acting collectively with other investors

There may be situations where it is appropriate to act collectively with other shareholders in order to engage with an investee company. We would be happy to take such action and are well networked with other shareholders in our field, including via the UK Sustainable Investment Forum.

Policy on voting and disclosure of voting activity

As we are relatively small, we think that providing our clients with a screened portfolio carries more weight than using our influence to vote against companies

Reporting on stewardship and voting activities

We regularly provide our clients with information on the above, including, as and when this takes place a summary of how we have voted in respect of relevant shares.

For further details on any of the above information, please contact:

Clare Brook, WHEB Asset Management

1 December 2010