

ESG Rating Methodology Disclosure

Disclosure to the public of the methodologies, models and key rating assumptions used in ESG rating activities in accordance with Article 23 of the EU ESG Ratings Regulation

(a) an overview of the rating methodologies used and changes thereto, including whether analysis is backward-looking or forward-looking and the time horizon covered

- The Methodology overview: The Sustainable Investing (SI) Model is a rules-based scorecard that converts SI and stewardship questionnaire responses into (i) qualitative bands (Very Green, Green, Grey, Red, Very Red) and (ii) corresponding numeric scores for aggregation across themes.
- Backward vs forward looking: Predominantly backward-looking / evidence-based, assessing current policies, resources, processes, and documented practices. Some elements are forward-looking, where the questionnaire captures targets, commitments, or planned capabilities (for example forward commitments on reporting, stewardship priorities, or measurement).
- Time horizon: The scoring is anchored to the latest reporting period covered by the questionnaire. This is typically across a calendar year.
- This assessment evaluates an external asset manager's capability to integrate ESG factors into its investment processes and stewardship activities. It does not assess the ESG characteristics or performance of individual securities, issuers or investment products, and forms one component of WTW's broader manager research framework.
- This document describes the ESG rating methodology as initially published. The methodology is subject to periodic internal review and oversight to support it remaining consistent, relevant and appropriate. Any future material changes to the methodology will be disclosed in accordance with Annex III(a).

(b) the industry classification used

- The SI Model classifies assessments by investment context rather than a corporate industry taxonomy: firm-level vs product-level, and by asset class / strategy type (for example Equity, Credit, Multi-Asset, Index/Passive flags), which affects applicability and sometimes weighting.

(c) an overview of data sources, including whether data is sourced from sustainability statements required under Directive 2013/34/EU or from information disclosed under Regulation (EU) 2019/2088 and whether sources are public or non-public, and an overview of data processes, estimation of input data in case of unavailability and frequency of data updates

- Primary data source: External asset manager-provided responses to a standardised SI questionnaire (engagement questions aligned ICSWG-style where possible).
- Public vs non-public: Inputs can include a mix of public disclosures (policies, stewardship reports, Task force on Climate-related Financial Disclosures-type disclosures) and non-public external asset manager-supplied information (internal processes, resourcing, engagement detail).
- Estimation when unavailable: Where inputs are missing, the model may treat "No Data" explicitly. Depending on the rule for that signal, missing disclosure can lead to a neutral, negative or weaker score
- Data processing: Responses are mapped to scoring bands via the SI model (thresholds, applicability rules, weights). "Final" sheets present the locked scoring.
- Update frequency: Annual

(d) the industry classification used

- The ESG rating methodology is developed and maintained by Towers Watson Limited, which is wholly owned by WTW plc.

(e) information on whether and how the rating methodologies are based on scientific evidence

- The model is not a climate-physics model. It is a practice-based assessment framework.
- Where “scientific evidence” is relevant, it is indirect: signals can reflect alignment to recognised frameworks and evidence-informed practices (for example climate disclosure norms, stewardship best practice, and established reporting frameworks). The methodology is grounded in governance and process indicators rather than scientific measurement of real-world outcomes.

(f) information on the ESG rating’s clearly defined objective and marking whether the rating is assessing risks, impacts, or both, according to the double materiality principle, or any other dimensions, and in the case of double materiality the proportion of the risk and impact materiality

- Objective: Assess the strength and credibility of an external asset manager’s SI capabilities and stewardship implementation.
- Materiality dimension: Primarily risk materiality (how ESG issues are managed as financially material investment risks), with some coverage of impact-type indicators (for example impact measurement capability).
- The methodology is not designed as a double materiality assessment framework and does not assign quantified proportions between risk and impact materiality.

(g) the ESG rating’s scope, namely, whether it covers an individual E, S, or G factor or whether it is an aggregated rating aggregating E, S and G factors, or whether it covers specific issues such as transition risks

- The model is an aggregated SI assessment across multiple themes, spanning ESG integration and stewardship.
- The methodology covers E, S and G practices through underlying questions on policies, resources, processes, engagement, voting and measurement, and includes specific issue coverage where relevant questions exist (for example climate reporting, emissions reporting, biodiversity and impact measurement).

(h) in the case of an aggregated ESG rating, the weighting of the three overarching E, S and G categories of factors (for example 33 % for the E factor, 33 % for the S factor, 33 % for the G factor), and the explanation of the weighting method, including weight per individual E, S and G category

- None of our methodologies apply fixed top-level Environmental, Social and Governance weightings. Weighting is applied at the indicator level based on relevance to the asset class and strategy.
- Indicator-level weights are determined based on their relevance to the underlying asset class and investment strategy, with scoring aggregated across applicable indicators to form the overall assessment.
- In our Real Assets methodology, E, S and G metrics are grouped alongside other Success Factors and each metric carries its own scoring logic. These success factors are equally weighted in the aggregation of scores.

(i) within the E, S or G factors, specification of the topics covered by the ESG rating, and whether they correspond to the topics from the sustainability reporting standards developed pursuant to Article 29b of Directive 2013/34/EU

- Topics in all methodologies are defined by structured questionnaires and grouped under thematic categories. These include areas such as ESG integration, climate metrics, resource efficiency, nature and biodiversity, human rights, governance structures, and stewardship. While there is thematic overlap with the European Sustainability Reporting Standards (ESRS), neither methodology is designed to replicate or align systematically with ESRS, and no formal topic-by-topic mapping is performed.

(j) information on whether the rating is expressed in absolute or relative value

- It is primarily an absolute, criteria-based scoring system: answers are judged against defined thresholds to assign bands.
- Outputs are then used comparatively (peer comparisons across external asset managers) to calibrate, but the score assignment itself is primarily rule-based rather than percentile-ranked.

(k) where applicable, reference to the use of artificial intelligence in the data collection or rating process including information about current limitations and risks of using artificial intelligence

- No artificial intelligence or machine-learning techniques are used in the generation of ESG ratings; the methodology is fully rules-based.

(l) general information on criteria used for establishing fees charged to clients, specifying the various elements taken into consideration, and general information on the business/payment model

- The ESG ratings are produced as part of our broader manager research services and are not marketed or priced as a standalone product. Fees are charged for the overall research service and reflect the scope, complexity, and depth of analysis provided, including investment, operational and ESG/SI considerations. Pricing considers factors such as coverage requirements, analytical resources, data inputs and ongoing monitoring. Clients pay for access to research and analysis. Research outputs are not sold or offered as a standalone product/service to rated external asset managers.

(m) any limitation in data sources and methodologies used for the construction of ESG ratings

- Reliance on self-reported questionnaire data and supporting evidence.
- Potential inconsistency in interpretation across external asset managers unless tightly governed.
- Measures “capability and practice” more than real-world outcomes.
- Asset-class applicability and “Not Applicable” logic introduces judgement.
- Missing data handling can penalise disclosure gaps but cannot verify underlying reality without assurance.

(n) the main risks of conflicts of interest and the steps taken to mitigate them

- Main risks: Potential conflicts may arise where WTW earns revenue from asset managers or funds it researches, advises on or manages, where colleagues have personal or commercial relationships, or where remuneration or sustainability considerations could bias advice, ratings or portfolio decisions.
- Mitigation: These risks are mitigated through strict governance of methodology changes, audit trails, consistent scoring rulebook, segregation of duties (e.g. research and commercial functions), independent manager research and suitability assessments, remuneration structures not linked to product sales, information barriers, personal conduct policies, and multi-layered oversight, escalation and periodic review processes to support objective decisions that are in clients’ best interests.

(o) if an ESG rating of a rated item covers the E factor, information on whether that rating takes into account the targets and objectives of the Paris Agreement or any other relevant international agreements

- The model includes climate-relevant signals which include Paris Agreement targets/objective. Where climate alignment/targets are explicitly asked in the questionnaire, those responses feed scoring.
- Where climate is assessed, the framework recognises Paris-aligned concepts (targets, disclosure, transition planning) via questionnaire evidence rather than producing its own temperature alignment estimate.

(p) if an ESG rating of a rated item covers the S and G factors, information on whether that rating takes into account any relevant international agreements

- The model can cover S and G practices where questions exist (governance, stewardship policies, voting, resources, social considerations).
- The methodology does not systematically assess alignment with specific international social or governance agreements (such as ILO conventions or the UN Guiding Principles).

(q) any limitation on the information available to ESG rating providers

- External asset managers may not provide complete data, may provide data at different granularities, or may limit access to non-public documentation.
- Public disclosure varies widely, and “No Data” treatment reflects that constraint but does not eliminate it.

About WTW

At WTW (NASDAQ: WTW), we provide data-driven, insight-led solutions in the areas of people, risk and capital. Leveraging the global view and local expertise of our colleagues serving 140 countries and markets, we help you sharpen your strategy, enhance organisational resilience, motivate your workforce and maximise performance. Working shoulder to shoulder with you, we uncover opportunities for sustainable success — and provide perspective that moves you. Learn more at [wtwco.com](https://www.wtwco.com).



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