



Task Force on Climate-Related Financial Disclosures (TCFD)

Entity Level TCFD Report

Towers Watson Investment Management Limited

TABLE OF CONTENTS

Introduction	03
Governance	06
Strategy	11
Risk management	19
Metrics and targets	24
Scenario analysis	28
Statement of compliance	33
Disclaimers	34
Glossary	35

Introduction

WTW Public Limited Company and its subsidiaries ('WTW'), including Towers Watson Investment Management Limited ('TWIM'), considers sustainability-related matters as part of its internal operations. It is also an area where we support our clients through sustainability services and solutions to support the management of climate-related financial risk.

References to "we", "our" or "us" are to TWIM.

This Report is published by TWIM in compliance with the Entity Level disclosure requirements set out in Chapter 2 of the Financial Conduct Authority's ('FCA') Environmental, Social and Governance Sourcebook (the 'ESG Sourcebook') and consistent with the recommendations of the Task Force on Climate-Related Financial Disclosures ('TCFD') for the reporting period 1 January 2025 to 31 December 2025 (the 'Report'). This Report includes disclosures as required by the FCA's ESG Sourcebook where it is fair, clear and not misleading for us to do so.

This Report may be read together with the [Alliance Witan PLC 2025 \('ALW'\) Product Level TCFD Report](#), [Towers Watson Limited \('TWL'\) 2025 Entity Level TCFD Report](#) and the wider [WTW 2025 TCFD Statement](#). These documents are not incorporated by reference into this Report.

TWIM is authorised by the FCA as a UK Alternative Investment Fund Manager ('AIFM') and provides investment management services to selected clients for which it receives investment management fees. TWIM also acts as the AIFM to ALW, a publicly traded investment company, with investment trust status, listed on the London Stock Exchange that trades as ALW². TWIM provides investment management services for several funds across a range of asset classes including equities, credit, secure income, private equity and multi-asset strategies and is the global distributor for certain funds. In addition, where applicable, TWIM appoints another WTW entity, TWL, as a sub-distributor. While both TWIM and TWL are part of WTW and work closely together, they are separate legal entities with their own Boards, management and governance structures.

This Report, although broadly aligned with the wider WTW approach regarding climate risks and opportunities, sets out the climate-related financial disclosures regarding the specific assets managed by TWIM as well as in relation to TWIM's own operations. More information on WTW's sustainability approach is available on its [website](#), along with other WTW sustainability-related reports. References to WTW Investments are intended to refer to WTW's investments business, which is not limited to those activities within TWIM.

1. TWIM company number: **05534464**. Registered office address: **Watson House, London Road, Reigate, Surrey, RH2 9PQ**.
2. ISIN GB00B11V7W98, more information on ALW can be found on its [website](#). Company number: **SC001731**. Registered office address: **Flour Mill 34 Commercial Street, Dundee, Scotland, DD1 3EJ**.



Structure of the Report

The TCFD developed four pillars on climate-related financial disclosures that are applicable to organisations across sectors and jurisdictions. Therefore, in line with these recommendations, this Report is structured into four sections corresponding with the relevant TCFD pillars (see [Table 1](#) below).

Table 1. **Report structure and summary**

TCFD pillar	Summary
Governance 	Discloses TWIM's governance around climate-related risks and opportunities: - The TWIM Board has ultimate oversight responsibility for the setting of strategic priorities and monitoring of investment performance against stated objectives. This includes the consideration of climate-related risks and opportunities that could impact on our business - The Board takes the approach that the most appropriate committee(s) within its governance framework should maintain oversight of a particular topic and periodically report back to them. Therefore, the Risk, Product and Control Committee and the Sustainability Risk Product and Control Committee have delegated responsibility pertaining to the day-to-day operations and business matters related to climate-related risks and opportunities
Strategy 	Discloses the actual and potential impacts of climate-related risks and opportunities on TWIM's businesses, strategy and financial planning: - TWIM acknowledges climate change as a material risk, impacting both its operations and client portfolios. It integrates climate considerations into business operations and investment strategy and risk management - WTW, TWIM's ultimate parent company, has set science-based targets, of which TWIM forms a part, including achieving net zero by 2050. Separately, WTW Investments has a goal to achieve net zero greenhouse gas emissions across 'In Scope Solutions' by 2050 - Climate-related risks are categorised into transition and physical risks. These are assessed using a 4x4 matrix combining financial and non-financial impact scales and likelihood ratings - TWIM sees opportunities in developing sustainable investment products, enhancing data and technology infrastructure and supporting supplier sustainability. These efforts aim to reduce emissions and meet evolving client demands - Climate risk is incorporated into TWIM's investment processes, including portfolio construction, manager selection and stewardship



Note: Clickable text above the arrow links to the relevant page.

TCFD pillar	Summary
Risk management 	Discloses how TWIM identifies, assesses and manages climate-related risk: • Climate-related risks are considered within TWIM's Enterprise Risk Management (ERM) framework and treated consistently with other business risks. Oversight is provided by senior management and relevant committees • Climate risk is considered a systemic priority and is integrated within the investment process, from mandate design and manager selection to portfolio construction and monitoring, using both internal and external data sources • TWIM uses in-house tools for portfolio resilience scoring, scenario analysis and index design. These tools help assess sustainability risks and guide investment decisions aligned with long-term climate goals • TWIM actively engages with external asset managers and employs a stewardship services provider to support the improvement of sustainability practices. This includes voting, public policy engagement and direct dialogue with companies on climate risk management • Sustainability risks are monitored across external, WTW and investment-specific dimensions. TWIM uses internal research, third-party data and tools like WTW Investments' Climate Dashboard to align reporting with regulatory standards and support effective oversight of client investments
Metrics and targets 	Discloses the metrics and targets used by TWIM to assess and manage relevant climate-related risks and opportunities: • The Report provides a range of metrics across TWIM's own operations and a representative aggregated portfolio of underlying funds • TWIM's operational carbon profile shows improvements across the metrics presented when compared to the previous year • The representative aggregated portfolio shows progress in relation to the previous year across most metrics. However, given the likely non-linear nature of the transition to net zero, overall trends and comparisons will become more meaningful over time as year-to-year variances in data are less pronounced and less impactful on the overall trajectory direction



Note: Clickable text above the arrow links to the relevant page.

Governance

This section of the Report discloses TWIM's governance in relation to climate-related risks and opportunities. In line with the reporting period of this Report, the governance structure and processes outlined below were in place as at 31 December 2025.

TWIM Board oversight of climate-related risks and opportunities

Given WTW's responsibility to its shareholders, TWIM, as a subsidiary of WTW, via TWIM's Board of directors (the 'Board') sets its strategic priorities and monitors performance against the stated objectives. As at 31 December 2025, the Board consisted of three directors comprising the Head of Investments, Europe, the Global Head of Funds and Global Business Manager. The Board is responsible for oversight of risks within TWIM, including climate-related risks, delegating certain activities to the Risk, Product and Control ('RPC') Committee and Sustainability Risk, Product and Control Committee ('SRPC') as shown on the next page. The Board meets at least on a quarterly basis; investment and risk management are standing agenda items, including updates from RPC and, where needed throughout the year, the SRPC.

TWIM is subject to oversight by, and leverages and benefits from, the wider governance structure of WTW. The operations and business activities of TWIM are also overseen and governed by the WTW Investments Global Leadership Team ('GLT'), with some sustainability-related responsibilities delegated to the Sustainability Leadership team.

The Board sets TWIM's strategic direction and risk appetite which is cascaded to its committees (see [Figure 1](#)) and oversees the company's senior management who are responsible for day-to-day operations and management of business matters, including those that are climate-related.

The Board delegates sustainability-related oversight across the three relevant committees, with each committee responsible for the areas most aligned to its remit rather than concentrating all matters within a single committee. The Board has three committees who report to them on a periodic basis, as described on the page below:



The Management Committee

Delegated authority from the Board to oversee TWIM's business and support in day-to-day management.



The Valuation Committee

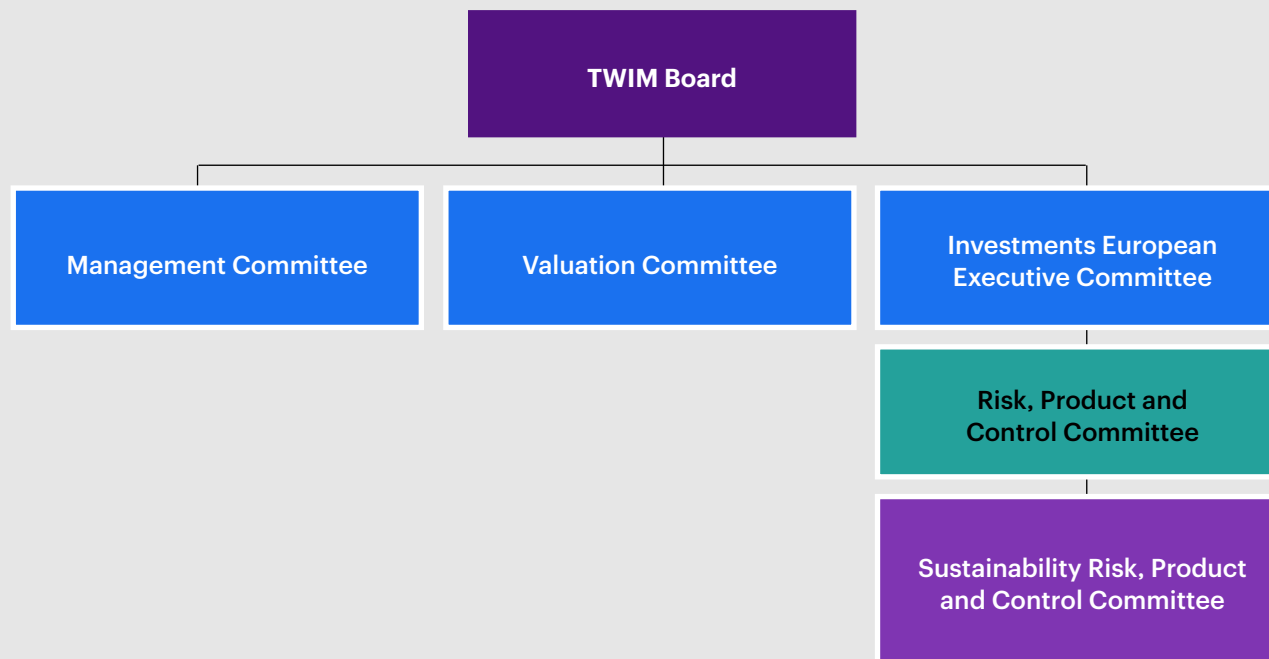
Empowered by the Board to govern the process by which the Net Asset Value ('NAV') per unit/share of WTW's funds is calculated, published and applied to subscriptions and redemptions.



The Investments European Executive Committee

Responsible for the oversight of the Investments Division with delegated authority from the Board.

Figure 1. **TWIM's committees' structure**



Climate change training

The Board recognises the importance of climate-related risk training both at Board level and for all WTW employees involved in TWIM-related activities. Senior management and investment professionals complete training as part of WTW's wider training and development programmes. This includes specific training on climate risks and opportunities, including on regulatory developments and regulations such as TCFD, UK Sustainability Disclosure Requirements ('SDR') and EU Sustainable Finance Disclosure Regulation ('SFDR'), supported by additional sustainability-related knowledge sessions or modules.

By way of example, relevant TWIM personnel received training on the FCA's anti greenwashing rule (under SDR) ahead of its commencement on 31 May 2024. The session included providing the background and scope of the anti-greenwashing rule, together with worked examples and guidance on how ensuring compliance with the rule could best be implemented across WTW Investments. Following this training, the Compliance and the Sustainability teams prepare and deliver mandatory annual refresher training to the wider WTW Investments business going forward, whilst also acting as support to the wider business for related queries throughout the year. Training materials are updated to reflect regulatory developments as appropriate.

Management's role in assessing and managing climate-related risks and opportunities

The operations and business activities of TWIM are overseen and governed by the WTW Investments GLT. The WTW Investments GLT comprises 10 senior leaders including the Heads of two geographies (Europe, including UK, and International and North America).

Our sustainability-related governance structure is designed to promote clarity, focus and effective decision making. Embedded within the wider WTW Investments' governance structure, our sustainability governance seeks to combine central global co-ordination and expertise with regional decision makers to best cater for our clients' sustainability preferences, as well as local regulatory environments.



Key sustainability-related governance intersections

The WTW Investments Sustainability Leadership team, which reports into the WTW Investments GLT, is comprised of senior members, including the Global Chief Investment Officer ('CIO'), Global Head of Sustainable Investing, Global Head of Funds and Global Head of Research. This sub-team sets business-level objectives related to our sustainability strategy and oversees the implementation, compliance, governance and resourcing to achieve those objectives. This team coordinates with relevant legal entity Boards across regions and is supported by relevant functions and SMEs (Compliance, Legal and Risk).

The Sustainability Risk, Product and Control Committee (the "SRPC") is constituted as a Sub-Committee of the Investments GLT. The SRPC is responsible for overseeing and monitoring existing and future regulatory and business requirements related to sustainability impacting the WTW Investments businesses and activities globally. It supports appropriate monitoring, oversight, disclosure and compliance of the processes related to sustainability and/or ESG regulations, business requirements, the risk processes and entity and product disclosures required to meet the relevant sustainability requirements.

Alongside its global remit, the SRPC also holds region specific meetings throughout an annual cycle to ensure regional divergence is appropriately addressed. In addition, it coordinates sustainable investing portfolio-level and entity-level ESG regulatory working groups as necessary. The governance of our SI processes (of which climate change is a key part) is one of the priorities across our business and it is periodically reviewed to assess whether any enhancements are needed in order to respond to fast-changing regulation and market best practice with regards to sustainability. TWIM management engages with these functions through periodic reporting, participation in relevant governance processes and escalation where climate-related risks or issues require additional input or coordination.

The Portfolio Management Group ('PMG') determines our overall investment views for managing portfolios within TWIM. PMG comprises a number of portfolio managers, assistant portfolio managers and analysts. In order to fulfil its role, PMG also draws on the specialist investment knowledge available within WTW, including Portfolio Management, Manager Research, Asset Research team, the Thinking Ahead Institute, Operational Due Diligence, sustainability expertise and other specialist teams (Figure 2).

Climate-related risks and opportunities are considered within PMG's investment views through the application of the [Sustainable Investing \(SI\) Policy](#) and the use of relevant ESG and climate-related research inputs as appropriate.

The Investment Committee ('IC') of each TWIM fund is then responsible for day-to-day management and monitoring of fund portfolios including controls and risk levels, including climate change related risk. The ICs use internal and external ESG data sources and stewardship level data from the stewardship service provider (see further details in Stewardship section below) and external asset managers. Climate-related risks are assessed and challenged within the IC process through the review of climate-related metrics, scenario relevant indicators and stewardship insights, supporting consideration of these factors within portfolio oversight and decision making.

Sustainability specialists are also invited to IC meetings, as required, where climate-related risk is specifically considered. In addition, the CIO, Europe and International, reviews the performance and risk of the TWIM funds, including overseeing the sustainability characteristics, through the receipt of the monthly fund IC meeting reports and review of quarterly risk and portfolio activity reports. These are then discussed in quarterly meetings with the Board, as appropriate, to support the consideration of material climate-related risks in Board-level discussion and decision making.

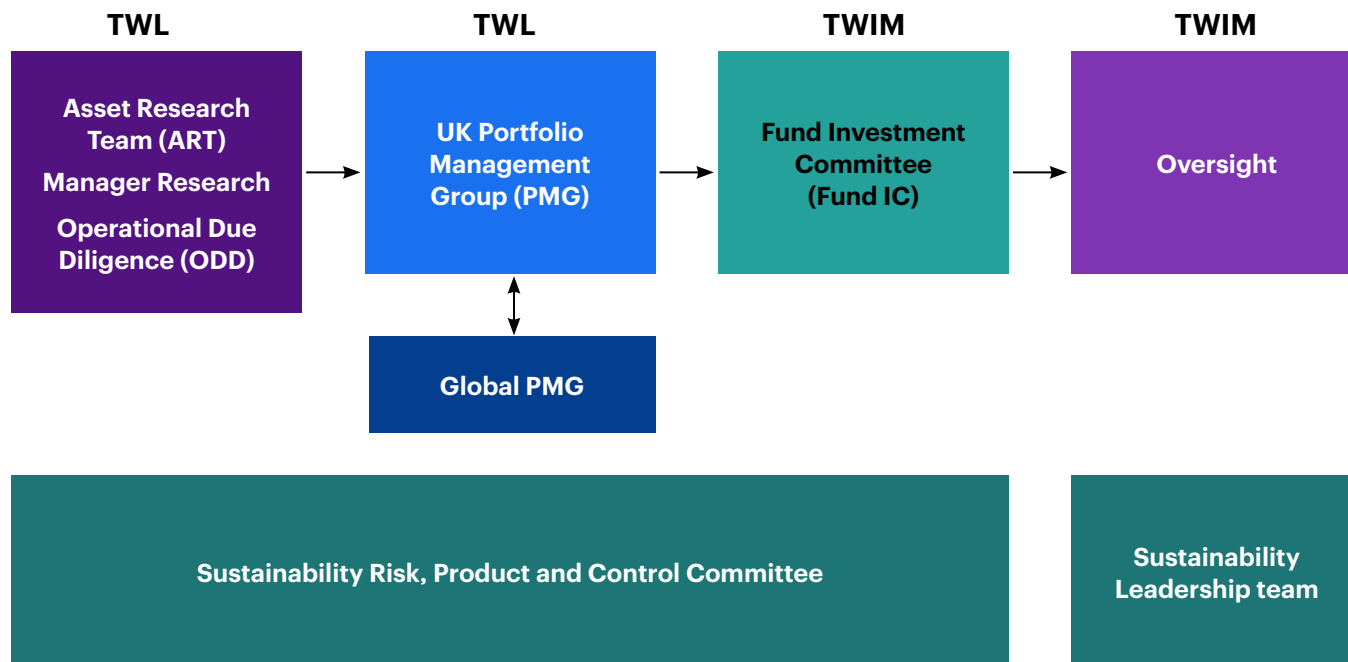
In addition to the work undertaken by the IC, the TWIM Risk team reviews each portfolio's exposure to climate change risks and other ESG factors on a periodic basis and challenge the IC if concerns arise (see the [Risk management section](#) of this Report to see how risks are rated/assessed). Findings relating to climate-related risks are escalated through TWIM's risk management framework, as appropriate, supporting their consideration within ongoing risk assessment and oversight processes.

Taken together, these governance arrangements enable the appropriate oversight and escalation of climate-related risks and opportunities across TWIM's management and Board structures.

Figure 2.

Governance process flow for investment decision making

Our process tailored to meet client/fund mandates



Strategy

This section of the Report discloses the actual and potential impacts of climate-related risks and opportunities on TWIM's businesses, strategy and financial planning in respect of its products and services where such information is material.

We recognise that climate change presents a broad spectrum of risk and opportunity for our business, impacting both our direct operations and the portfolios we manage on behalf of our clients. Climate-related considerations are therefore incorporated (e.g. via governance, risk processes and investment oversight) into TWIM's strategic planning and investment approach across relevant time horizons.

Our own emissions

WTW recognises the importance of its environmental responsibilities and focus on improving and tracking emissions globally. WTW has targets and specific measures to reduce its own carbon emissions including reducing waste, energy use and business travel from its operations.

Target

WTW has set a target to achieve net zero greenhouse gas emissions by 2050 and **50% reduction** by 2030 aligned with the Science Based Targets initiative ('SBTi'). In 2024, the SBTi validated WTW's near-term and long-term emissions reduction targets.

The validated targets include a plan to reduce absolute Scope 1 and 2 greenhouse gas (GHG) emissions by 50% by 2030 from a 2019 base year. Additionally, WTW has also set targets to engage 67% of suppliers by spend to set science-based targets by 2028 and reduce business travel emissions by 55% per full-time employee by 2030 from a 2019 base year. WTW has set a long-term target, validated by SBTi, to reach net zero greenhouse gas emissions across the value chain by 2050.

In addition, WTW's target is to seek to achieve 100% renewable energy supplies across WTW's real estate portfolio by 2050.

The SBTi validation confirms that WTW's targets are aligned with the latest climate science and are sufficiently ambitious to meet the goals of the Paris Agreement. These scientifically validated targets demonstrate WTW's dedication to long-term environmental stewardship in our own operations and through assisting others to act.

TWIM forms part of the wider WTW organisational targets; there are no additional targets for TWIM and TWIM does not plan to set any additional targets.

WTW manages its contribution to global emissions across its own operations, its suppliers and its value chain through:

- Improving energy efficiency in its operations
- Reducing its need for business travel by using virtual meeting technologies and more flexible workstyles
- Promoting recycling in WTW offices
- Minimising single-use plastics in offices
- Minimising the waste sent to landfill
- Purchasing environmentally responsible supplies
- Purchasing renewable energy where available
- Encouraging all colleagues to adopt environmentally responsible habits at work and in their communities

➔ For more information on progress towards WTW's targets, please see the latest WTW Sustainability report on the [WTW Sustainability webpage](#).

Separately, WTW Investments has a goal to achieve net zero greenhouse gas emissions across 'In Scope Solutions' by 2050. This goal is grounded in WTW Investments' belief that climate change is a material, systemic financial risk and that managing climate-related risks and opportunities, including through stewardship and engagement, is part of protecting clients' long-term financial outcomes. WTW Investments' net zero goal position statement outlines the principles, measurement framework and practical levers behind this goal, while recognising that implementation must remain flexible as specific actions depend on mandate structures, asset class characteristics and regulatory environments.

It may be necessary for the goal to evolve over time to reflect changes in real world climate transition progress, financial market conditions and accepted industry methodologies, enabling the management of climate-related financial risks to remain consistent with clients' interests. Achieving a net zero economy and the resulting reductions in financial risks from climate change is contingent on the long-term actions of other participants, in particular governments and other policymakers.

➔ For more information, please visit the related [WTW Investments' net zero goal webpage](#).

Overall, TWIM's operational emissions are minimal and are managed through WTW's broader sustainability framework, with TWIM's primary climate-related impacts arising through its investment activities rather than its own operations.

Risk and Opportunities

This section highlights the material climate-related risks and opportunities for our own operations identified. We have aimed to highlight the potential financial impact of these risks via a qualitative impact assessment using the adapted Enterprise Risk Management ('ERM') scales. TWIM applies WTW's climate risk framework and ERM scales to its own operations and investment oversight activities, rather than maintaining a separate entity specific methodology.

Certain non-financial data and information which is subject to measurement uncertainties resulting from limitations inherent in the nature and the methods used for determining such data is set out below.

Our underlying assessments vary depending on the timeframes and risk profiles of our clients and the business line. Recognising the longer time horizon of many climate-related risks, the following timeframes, shown in Table 2, are applied:

Table 2. **Risk timeframes**

Timeframe	Criteria
Short-term	0–1 years (the short-term time horizon focuses on immediate and upcoming reporting periods, reflecting near-term changes in performance, regulatory compliance and actions taken in response to identified risks or opportunities).
Medium-term	1–5 years (the medium-term time horizon allows WTW to respond to potential risks and opportunities that can be seen in the present but may not be experienced until later).
Long-term	5+ years (the long-term time horizon for WTW is more broadly the future state and risks and opportunities can be difficult to predict too far in advance).

WTW evaluates climate risks over the short, medium and long-term horizons. The time horizons are reviewed and updated when necessary. TWIM applies WTW's time horizons when assessing climate-related risks, rather than defining separate entity specific timeframes.

Risks

This section outlines how we identify and manage climate-related risks and opportunities pertaining to our own operations, across various timeframes and the steps we are taking to mitigate them. Given the prioritisation of climate change as a critical and systemic issue, this is an important focus of our portfolio construction process (related to TWIM's investment activities, rather than its operational emissions) — understanding our risk exposures and reducing them through time, as well as identifying and investing effectively in potential opportunities. This occurs both through top-down identification and analysis of climate-impacted sectors for investment, as well as the bottom-up contribution of each manager or investment.

Climate-related risks are assessed and prioritised as part of our overall risk management framework, in a similar way to all other risks on our risk register. Risks are assessed on two different scales:

01 Non-Financial Impact Rating Scale

Which ranks the risk over 4 levels (low, medium, high or critical) based on the actual or potential impact on reputation, regulatory compliance, legal exposure, client relationships or service delivery.

02 Financial Impact Rating Scale

Is also scored based on the potential impact on revenues and assigned a “level”. These risks are combined to generate an overall impact rating of 1 (low) to 4 (critical).

The likelihood of the risk is also assessed. We define this as the likelihood of a potential risk occurring within the next 12 months and based on this percentage, a rating of “unlikely” to “highly likely” is assigned.

These two factors are then combined to generate a 4x4 risk assessment matrix used to determine the overall risk assessment rating for TWIM.

We have sub-divided climate-related risks into transition risks (risks associated with the transition to a low-carbon economy) and physical risks (risks related to the physical impacts of climate change). Our overall risk rating for each of the risks has been integrated and scored within our ERM framework and is shown on the next page (Table 3), along with an initial summary description of the potential risks:

Transition risks

Reputational

The regulatory landscape is rapidly evolving and increasing in complexity with different regimes across geographies. Our clients' expectations are also developing to match this. The risk of reputational damage could result in additional expenditure or litigation costs if we do not remain cognisant of the necessary requirements on our business and make adjustments where needed.

Regulatory

Changing government regulations may introduce potentially costly measures to comply with. In the extreme, this could require us to exit positions in certain assets to meet new regulatory guidelines. Regulatory change could lead to stranded assets or asset impairments in investment portfolios. There is also the need to consider restrictions on companies not taking appropriate action to manage climate-related financial risk or holdings where countries are exposed to the transition to a low carbon economy in the medium to long-term.

Market and economic

The effects of the transition on the wider market may influence the valuation of investment assets through asset impairment, the viability of business models or credit ratings.

Operational

The ability to recruit and retain the right personnel with appropriate skills and experience to manage the climate transition presents a risk to our operations. In addition, we will need to invest in new technology and data sources to enable us to maintain robust processes which could increase operational costs. We also need to be aware of our operational emissions in relation to WTW's targets.

Physical risks

Acute and/or chronic physical risks

There is a risk of disruption both at an operational level and on investments as result of acute physical risks (e.g. extreme weather events) and/or chronic physical risks (e.g. gradual changes in key climate variables such as temperature, humidity and precipitation). This could reduce revenues and increase costs.

Table 3. Overall risk assessment

Type Sub-type	Risks				
	Transition				Physical
Area	Reputational	Regulatory	Market and economic	Operational	Acute and/or Chronic
Area	Own operations	Upstream and downstream	Upstream	Own operations	Own operations
Primary potential financial impact	Increased expenditure or litigation costs	Increased costs of compliance or loss of potential income from having to divest from assets	Lower valuation of investment assets	Increased costs of training and compliance and lower productivity in the interim if technology or working practices change	Higher costs/disruption of operations
Time horizon	Short and medium term	Short and medium term	Short and medium term	Short and medium term	Short, medium and long-term
Mitigation	Our ultimate parent company has set a net zero target for 2050 and we are part of this. We aim to support meeting this target through our operations. We continue to develop our climate disclosures in line with regulatory requirements and market practice. We work with relevant stakeholders and industry groups to remain current with climate regulation.	We periodically monitor regulatory frameworks and consider how this may impact the environment we operate in and our business. We also update our metrics and data to ensure we have a high quality of information, where possible.	We periodically assess climate risks by asset class/sector and geography, with updated data and enhancing modelling capabilities and tools. We support policy engagement and stewardship with stakeholders and maintain an SI Policy, in which a high-level segment on exclusions is included.	We have a comprehensive training programme that evolves to meet the needs of our staff. We periodically assess the technology and data requirements of our business and are able to utilise WTW resources. Continue to implement energy efficiency and carbon reduction measures and engage with key suppliers to enable alignment with our emission targets.	WTW is exploring a range of mitigation and adaptation measures to address and respond to climate-related physical risks including those relevant to TWIM. WTW has implemented workstyles including a hybrid workstyle which helps mitigate potential productivity losses resulting from acute or chronic physical risks. This includes TWIM colleagues. As part of WTW's long-term climate strategy, climate risks will be considered as part of facilities management and real estate strategies including those relevant to TWIM.
Overall Risk Rating	Medium	Medium	High	Medium	Low

Low

Medium

High

Critical

The key above sets out our overall risk rating scale based on the likelihood of the specific risk occurring within the next twelve months and the subsequent financial and non-financial impacts.

Opportunities

01 Strategy-related

Client requirements could open opportunities for new products and services — for example, by creating sustainability aligned products and funds and also providing data and analytical tools.

Notable examples of this can be seen through the creation of our SFDR Article 8 Funds that have climate-related credentials and our support in creating the Climate Transition Index (CTI) — a family of indices — in partnership with STOXX, an index provider. In addition, working with an index provider to launch the WTW Global Equity Diversified Index (GEDI) — an index which aims to provide ‘whole of equity portfolio’ smart beta exposures whilst considering various sustainability factors in a way that aims to deliver meaningful risk-adjusted returns over a market capitalisation exposure.

02 Investing in data, technology and infrastructure

Enables us to achieve our operational emission reduction targets (like EV charging points, renewable energy sources, low carbon properties/leases). WTW also supports sustainable sourcing with suppliers and our processes for evaluating our key suppliers include sustainability criteria and compliance with environmental and climate laws and regulations. As more companies within WTW’s supply chain set targets with SBTi and reduce emissions, WTW anticipates a reduction of Scope 3 emissions from purchased goods and services. We aim to ensure we have up-to-date data and technology to analyse our emissions and our portfolio emissions.

Investment management strategy and stewardship

Addressing climate risk forms an important part of our investment management through our SI processes. We work with our clients, investment professionals and operational teams to integrate a better understanding of the impact of climate-related financial risks and opportunities within our business and to enhance our resilience to these risks.

Figure 3. **Sustainable investing process**

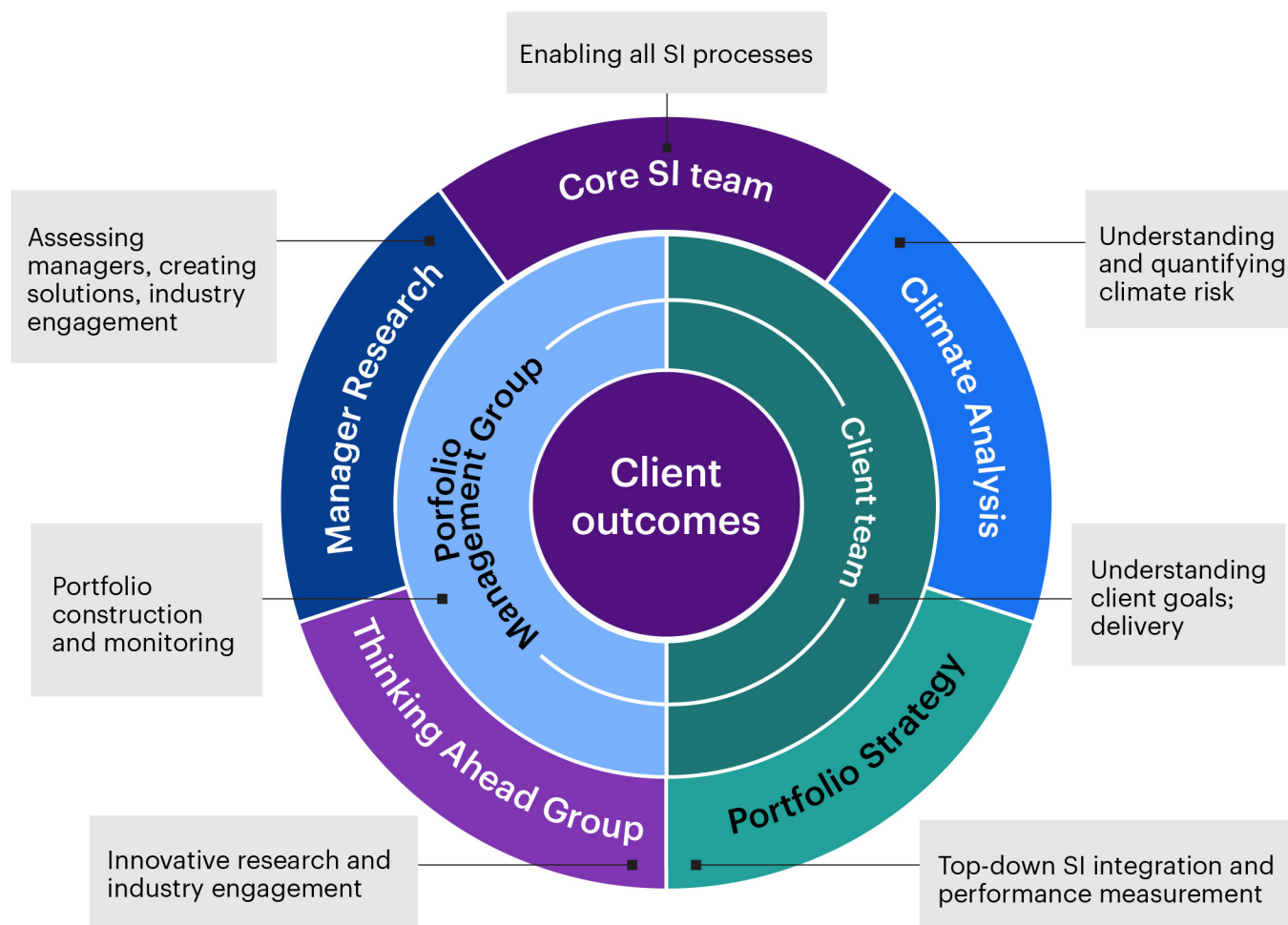
Managing sustainable investing performance

Establish/ revise governance 	Set and revise objectives, identify significant topics 	Portfolio construction 	Measure and assess performance of SI factors 	Disclosure 
SI governance and policies set out the principles for investment management, reporting and decision making. This ensures accountability for the processes in relation to sustainable investing.	SI processes and, for some products, specific sustainability objectives are agreed. Most frequently, this is in respect of climate risk management via net zero related goals. We consider compatibility with overall portfolio targets (risk and return) when setting sustainability objectives.	Actions to support the sustainability-related objectives. Depending on the solution this may be achieved via SI integration in portfolio activities (e.g. asset allocation, index design, portfolio construction, manager selection), stewardship (e.g. manager or issuer engagement, voting, policy engagement) or via exclusions.	A range of data and information is used to assess key SI factors. Where feasible, we look to apply science-based thresholds/ boundaries or industry standards to determine performance.	Various forms of regulated and voluntary disclosures are required for investments and stewardship. These can vary substantially across regions and investment types.

The SI process outlined above is incorporated in the PMG activities as show in the graphic on the next page. It also shows how our various research teams, shown in the outer circle of the graphic, provide a range of SI related insights which are distilled by the PMG to manage sustainability-related risk, including climate-related risks and help to drive client financial outcomes.

We look to integrate climate throughout our investment processes, including portfolio construction and manager selection, as well as monitoring and reporting, with additional focus on climate-related research, resources and data.

Figure 4. **SI integrated team structure and process**



Across the TWIM fund range, we have certain funds with climate change related characteristics as pertains to their SFDR Article 8 classification. However, these funds are out of scope of SDR and therefore none of these funds have been labelled under the UK SDR regime. These funds (together, the “TWIM Article 8 Funds”) make up a significant proportion of TWIM’s AUM that is in scope of SFDR and are:

01 Towers Watson Alternative Credit Master Fund (‘ACF’)

02 Towers Watson Core Diversified Master Fund (‘CDF’)

03 Towers Watson Euro Secure Income Master Fund (‘ESIF’)

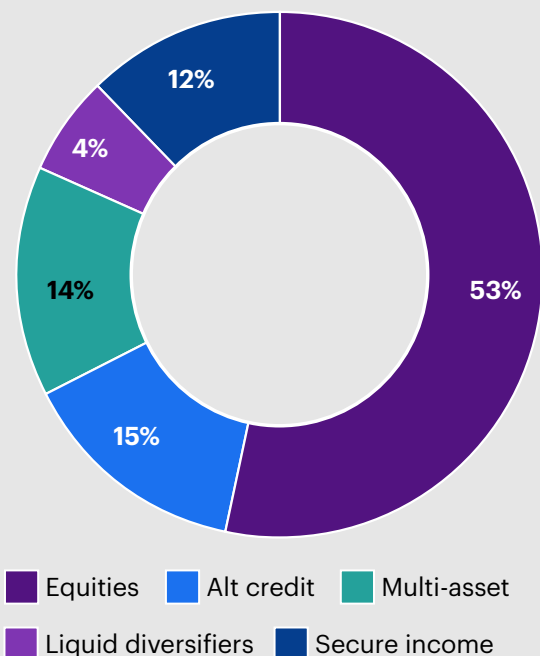
04 Towers Watson Global Equity Focus Fund (‘GEFF’)

05 Towers Watson Partners Master Fund (‘Partners’)

06 Towers Watson Secure Income Fund (‘SIF’)

An asset class breakdown of the total assets under management can be found below.

Figure 5. **Total assets under management by asset class (% AUM)**



Source: WTW above data is as at 31 December 2025 based on an AUM of £18,083m. Reported data subject to rounding and may not sum to 100%.

Summary details on the credentials that are used across the six TWIM Article 8 Funds in accordance with SFDR can be found at our related [SI regulatory disclosures webpage](#).

Stewardship

We believe that effective stewardship is a key aspect of SI and important to a well-functioning investment industry. We recognise our role as an engaged industry participant and seek to exercise our stewardship responsibilities, either directly or via third-parties, across a range of activities:

01 Asset manager engagement

02 Issuer engagement

03 Voting

04 Policy engagement and supporting wider industry groups

We also engage with our clients and with asset owners, regulators and other stakeholders to ensure that we seek to best manage climate change-related financial risks now and into the future.

➔ Please refer to our latest [WTW UK Stewardship Code Report](#) for more details.

Engagement

External asset managers we work with have a responsibility to undertake engagement with underlying issuers on their plans to manage climate-related financial risks. We look to these external asset managers to evidence and track, via quality reporting, underlying climate engagement with issuers. Over 2025, our Manager Research team researched 80 sustainability themed strategies and engaged with over 50 external asset managers across over 90 products.

To supplement corporate engagement carried out by individual asset managers, we partner with a stewardship service provider for many of our fiduciary investment management solutions. Climate risk management is an important part of the stewardship service provider's engagement plan. We track the progress made by this group when engaging issuers. We provide input into their engagement prioritisation process.

Voting

We expect appointed external asset managers to consider climate-related resolutions on a case-by-case basis given the context and nuance of each proposal and to give due care to the voting decision made.

Data

An important aspect of this process is enhancing the quality of our proprietary climate analytical tools like our Climate Transition Value at Risk ('CTVaR') tool) and our climate metrics and data. We recognise that climate risk data still has gaps and challenges associated with it and we work with managers and third-party data providers to improve coverage and quality of the data and our associated analytical tools. As a result of this and our work with wider WTW's climate teams, TWIM is well positioned to provide data and analytical tools to assess and monitor the impact of climate-related risks and opportunities as we construct and manage investment portfolios. These tools are incorporated within our SI strategy which considers ESG factors and effective stewardship into our investment management activities.

Risk management

Risk management within our operations

This section of the Report discloses how TWIM identifies, assesses and manages climate-related risks.

As part of the management of business risks, climate change has been identified by the business as an important risk. TWIM's approach to managing risks related to climate change is captured within its ERM framework and processes. As such, risks related to climate change are managed consistently with the other risks faced by TWIM.

The ERM process assesses climate change risks to ensure they are managed within acceptable levels by implementing appropriate controls and limits.

Risk oversight is carried out by senior management periodically, including through relevant committees and management actions are agreed to address identified control weaknesses, as appropriate.

For our portfolio management operations, we believe SI is an important foundation for strategy and the generation of long-term financial returns. As such, it is an important part of WTW Investments' beliefs and investment processes.

We use the term SI to describe a range of long-term, finance-driven processes that integrate consideration of environmental, social and corporate governance ("ESG") risk factors, apply effective stewardship and — for certain investment strategies — directly manage sustainability impacts. We believe these approaches reflect good financial risk management.

Data, tools and technology (in our portfolio management process)

At present, our principal external provider of data to help assess climate change risks is MSCI ESG Research LLC ('MSCI'). We supplement the extensive data we receive from MSCI, with our proprietary CTVaR data and in-house analytics for assessing physical risk data.

Our proprietary CTVaR methodology quantifies climate transition risk by integrating forward-looking company assessments with traditional risk and return models. Using this methodology, we are able to determine the climate transition risk that investee companies face, helping identify risks and potential opportunities for investors.

How we manage climate-related risks (in our portfolio management process)

In order to assist our portfolio construction and management processes, we draw on a number of portfolio tools. The majority of which, a selection outlined below, have been developed and tailored in-house to best align with our approach to building portfolios and our investment beliefs.

We currently use a variety of third-party and proprietary data sources as input to our proprietary tools. At both a security and portfolio level, this allows us to challenge bottom-up security selection decisions with managers and apply top-down portfolio management, on absolute and relative bases.

The assessment of sustainability risks is complex, often requires subjective judgements and may be based on data which is difficult to obtain, incomplete or estimated. Sustainability risk data continues to improve, but there are still challenges for certain companies, particularly within debt and outside of developed markets. We have identified areas where data is limited and we engage with external asset managers and third-party data providers to improve coverage and quality.

How climate-related risks are integrated

Asset selection

Sustainability risks and sustainability-related considerations are important factors in identifying investments, themes and asset classes in the portfolios. Determining these views is an exercise of ongoing collaboration across our research and portfolio management teams.

Manager research

We have a formal process for integrating sustainability risks into our manager research decisions, which is tailored to be most relevant and appropriate for the asset class and strategy in question.

Our assessment of an external asset manager's SI practices and implementation, in the context of individual strategies and products, feeds into our overall view of their ability to sustain a competitive advantage. Consequently, the overall rating we place on a strategy will reflect our view of the SI credentials and capabilities of the strategy under review.

Portfolio management

Our portfolio construction process focuses on maximising portfolio quality, as evaluated through a number of 'lenses', including sustainability. This helps us build robust, diversified portfolios to seek to achieve our funds' and clients' risk and return objectives.

Sustainability risks are incorporated into our portfolio management process through a number of avenues. An important part of our framework for doing this is to assess sustainability through:

1

Climate metrics

Aggregating security-level data to indicate the total exposure of a portfolio (or parts of a portfolio) to a range of climate-related risks and issues (e.g. through use of our proprietary CTVaR to assess transition risk).

2

Scenario analysis

Stress-testing our portfolios, including, for example, on realistic global emissions pathways to assess portfolio quality in the face of various climate change scenarios. TWIM reviews and aims to update its climate scenario analysis at least every three years, when scenario indicators change materially and/or if there is a material change to the business.

3

Exclusions

There are instances when investee company activities and involvements meet our exclusion criteria in certain portfolios. Thermal coal and tar sands are examples of climate-related exclusions in place for some of our portfolios based on certain revenue thresholds.

4

Manager selection

An assessment of how well climate-related factors, as well as wider sustainability factors, are incorporated into an asset manager's investment process.

5

Index design

We actively assess the characteristics of market indices and make a deliberate choice of which to use — climate risk is one of the factors we use in this decision.

**Example of risk management process:
Focused equity solution — Towers Watson
Global Equity Focus Fund**

The levers to manage climate risk differ by investment solution. In order to illustrate some specifics, below we set out the process in place in respect of a key focused equity solution we manage.

- 1. Mandate design:** External asset managers are all given segregated mandates and the mandates are designed to focus on the long-term (5–10+ year time horizon). With a long-term time horizon, asset managers are more focused on risk as the permanent loss of capital rather than short-term risk relative to a benchmark. As such, the long-term risks associated with climate and other ESG risks are inherently more pertinent in the mandate.

Secondly and from a climate perspective, we seek to exclude investment in securities issued by companies that we believe are exposed to significant financially material climate-related risk, whereby they:

Derive more than **25%** of revenues from thermal coal mining or sales to third-parties

Derive more than **50%** of revenues from thermal coal power generation; or

Derive more than **25%** of revenue from oil sands extraction

- 2. Research/Integration:** TWIM integrates the assessment of sustainability risks, including climate risks, into investment management processes alongside other financial metrics. “Sustainability risk” means an environmental, social or governance (‘ESG’) event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of an investment. Also, it integrates the assessment of sustainability risks into investment management processes through conducting due diligence over current and potential asset managers and scoring each to assess capability in managing sustainability risks.

- 3. Stewardship:**

Engagement

TWIM believes that engagement, with a view to making incremental improvements in management of sustainability risks, should reduce risk and potentially increase expected returns over the long-term.

As such, TWIM engages with the external asset managers on sustainability risk and climate risk management. The asset managers will engage with the companies in which they invest. The asset managers typically meet with or write to investee company management teams to express their views and opinions on sustainability risks or to seek further clarity from the company on their approach in this regard.

In addition, the stewardship services provider will engage with companies, policy makers and other industry bodies on sustainability issues in order to support and report on progress against their engagement plans over time.

Proxy Voting

TWIM’s intention is for external asset managers to vote on every eligible ballot for shares held. There can, on occasion, be technical or operational limitations which prevent voting on certain matters, but TWIM strives to eliminate them where possible. Additionally, the external asset managers may choose to not vote on eligible ballots if such voting restricts the ability to sell the shares to be voted for a period of time (a situation known as share blocking). The external asset managers have accountability for voting and do so with the aim of positively supporting their climate risk strategy and seeking to create attractive returns.

Stewardship

Engagement with external asset managers, both to improve practices and to guide product design, is a key activity for the Manager Research team and one of the main stewardship activities we undertake.

A foundation for this engagement work is the Asset Manager SI Reports, produced by the team. These reports provide a baseline of where external asset managers sit in the various elements of sustainability and also provide us with data to a) see particular external asset managers who we can engage with to improve approach and b) track improvement across the portfolio over time.

With closed-end funds, we sometimes have representation on investor advisory committees which also allows us a mechanism for ongoing engagement.

In those instances where our engagement process does not lead to sufficient progress, the Manager Research team may revise its view on a strategy, potentially leading capital to be reallocated to other opportunities.

Case study

Engaging on climate-related risk

Our engagement with an external asset manager — engaging for better data coverage and disclosure, enabling effective assessment of climate-related risks within the strategy.

Background

This external high yield debt asset manager had not submitted data to our climate questionnaire, leaving only ~5% of the fund's carbon footprint covered by third-party data. Our engagement objective was to secure full carbon footprint data to improve transparency and support climate risk management in the solution where this external asset manager is used.

Engagement

After the external asset manager failed to provide questionnaire data, we identified a major coverage gap and contacted their Investor Relations team to request the missing information. A follow up call was arranged to stress the importance of full disclosure and to support their submission process. The manager agreed to complete the questionnaire and committed to improving emissions reporting going forward.

Outcomes and next steps

The external asset manager has subsequently provided 100% carbon footprint coverage. They acknowledged our engagement as the catalyst for this improvement. With full emissions data now available, we can more effectively assess climate-related risks within the strategy. This outcome directly supports our climate risk management efforts.

Going forward we plan to seek additional attribution analysis to understand emissions drivers across holdings and sectors and to monitor progress.

We also partner with the stewardship service provider to undertake public policy engagement and work with wider industry groups. It works with policy makers and institutions around the world to encourage policies and standards that are aligned with the financial interests of investors.

Engagement numbers for our stewardship service provider over 2025

859
companies

engaged across
regions on 3,849
issues and objectives

73
companies

in their core programme
featured engagements
with the CEO or chair

We also engage with our clients and with asset owners in general to ensure that we manage sustainability risks now and into the future, with a close understanding of their beliefs and needs.

➔ For further information please refer to **Stewardship, Engagement and Voting sections** above.

Monitoring and reporting

An overview of the current sustainability-related risks and challenges being monitored across three levels is summarised below:

01 External

- Volume and divergence of regional ESG regulations
- Scrutiny by regulators
- Variable quality and coverage of underlying ESG data with multiple sources

02 WTW

- Varied client and regulator expectations
- Alignment in ESG data and reporting across WTW entities

03 TWIM

- Internal processes that meet different regional sustainability-related regulations and client expectations
- Complexity of global, multi-asset class investments portfolios
- Reliance on third-party ESG data (external asset managers, data providers etc.)

As part of our monitoring and reporting, we undertake a wide range of activities as part of our research, portfolio management, risk management and client services. Our monitoring and reporting of sustainability risks is consistent with the principles and activities outlined previously. We look to monitor and report against sustainability risks that are financially material in a given investment context and we also look to align our reporting with regulatory standards and recognised good practices.

Our monitoring and reporting draw on both internal research and external third-party data. We view our monitoring and reporting as an important tool to help with the effective oversight of a client's investments, aligned to their ultimate investment objectives. WTW Investments has developed a 'Climate Dashboard' that displays a multi-dimensional set of climate data and metrics.

Metrics and targets

This section of the Report discloses the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material to TWIM.

TWIM uses climate-related metrics to monitor climate-related risks and opportunities, consistent with those used for WTW. Targets are described under **Strategy**.

TWIM business operational carbon emissions

To measure the impact of our operations on climate change, we measure a selection of metrics. These are monitored on a periodic basis through executive-level performance reporting. We are actively working to improve coverage of climate metrics and associated methodologies.

We have calculated a range of metrics that allow us to manage and measure climate risk on our business operations shown below. The reporting period of [Table 4](#) is as at 31 December 2025. These metrics have been used as they are common business metrics for our industry sector. Data timeframe alignment is as close as is reasonably practical. For example, emissions data covers the calendar year reporting period, but revenue figures related to the WACI cover the financial year best aligned to the reporting period.

Table 4. **TWIM's operational carbon emissions**

Measure	Metric	Unit	2024	2025
TWIM's operational carbon profile	Scope 1 and Scope 2 emissions	tCO ₂ e	58	52
	Scope 3 emissions*	tCO ₂ e	5	5
	Total emissions	tCO ₂ e	63	57
	Weighted Average Carbon Intensity ('WACI')	tCO ₂ e/£M revenue	0.86	0.73

TWIM 2024 data have been restated due to updates in methodology to enable a more accurate calculation.

*Employee-Owned Cars: Emissions from business travel in employee-owned vehicles where the company is responsible for purchasing the fuel (mandatory).

TWIM aggregated portfolio metrics

In relation to our investment management portfolios, we have also provided a selection of climate metrics from our Climate Dashboard for our TWIM aggregated portfolio.

Reporting period overview and metrics

The 2025 carbon data across the TWIM aggregated portfolio indicates positive progress in emissions reduction. However, given the likely non-linear nature of the transition to net zero, overall trends and comparisons will become more meaningful over time, as year-to-year variances in data become less pronounced and less impactful on the overall trajectory direction.

Scope 1 and 2 emissions, decreased from 1,189,366 tCO₂e in 2024 to 1,026,580 tCO₂e, while the carbon footprint also declined from 50 tCO₂e/\$M invested to 42 tCO₂e/\$M invested. Over the same period Scope 1 and 2 WACI (Weighted Average Carbon Intensity) decreased from 126 tCO₂e/\$M sales in 2024 to 106 tCO₂e/\$M sales in 2025.

The overall reduction in emissions was largely attributable to decreases in emissions from underlying managers, alongside reduced exposure to higher-emitting sectors such as utilities, energy (oil and gas) and airlines.

Data quality and reporting continue to show room for improvement, with several portfolios facing gaps in data reporting, particularly for Scope 3 emissions (not included in this Report).

In terms of alignment, portfolio positioning remained broadly stable year-on-year.

Task Force on Climate-Related Financial Disclosures (TCFD)

Table 5. **TWIM aggregated portfolios Carbon Profile**

Metric	2024	2025	% Change	2025 Carbon Data Quality Actual (Proxied)
Scope 1 and 2 Total Emissions (tCO ₂ e)	1,189,366	1,026,580	-14%	77% (7%)
Scope 1 and 2 Carbon Footprint (tCO ₂ e/\$M invested)	50	42	-16%	77% (7%)
Scope 1 and 2 WACI (tCO ₂ e/\$M sales)	126	106	-16%	76% (7%)

Source: WTW. The figures above are based on a portfolio size of £18,083m as at 31 December 2025. 2024 data have been restated to incorporate higher-quality data that became available post-reporting cycle, replacing previous data. This recalculation aims to provide an accurate and consistent historical baseline for assessing climate-related metrics. 'Actual' data quality shown aggregates 'Actual — Reported', 'Actual — Estimated by external asset manager' and 'Actual — Estimated by third-party'. From 2025, the presentation of TWIM's portfolio metrics has been updated from individual fund-level metrics to an aggregated portfolio view, which we believe better reflects TWIM's overall AUM.

Table 6. **TWIM aggregated Portfolios Alignment**

	2024	2025	Change
% of Portfolio Net Zero	1%	1%	0%
% of Portfolio Aligned	17%	17%	0%
% of Portfolio Aligning	33%	32%	-1%
% of Portfolio Committed	5%	5%	0%
% of Portfolio Not Aligned	14%	15%	1%
% of Portfolio No Data	30%	30%	0%

Source: WTW. Reported data subject to rounding.

Business operations — metric calculation methodology and data sources

WTW has taken guidance from the UK Government Environmental Reporting Guidelines (March 2019), the GHG Reporting Protocol — Corporate Standard and from the UK Government conversion factors for company reporting database from the Department for Energy Security and Net Zero (DESNZ) for calculating carbon emissions. We consider this energy and emissions accounting has been completed in accordance with reasonable methodology. Utility data was obtained to measure Scope 1 and 2 emissions and where unavailable, proxy data for floor area was used to estimate energy usage and emissions. For Scopes 1 and 2 only, a proportional approach based on headcount was applied to allocate emissions. For owned and leased vehicles (Scope 1) the total number of vehicles and a global proxy average distance driven per vehicle was used to calculate emissions. This global proxy average is from the French Statistical Data and Studies Department (SDES). For ground transport (Scope 3 only), data was obtained from expense claims and converted to fuel volume using global fuel price averages for 2025. The TWIM emissions data was based on the WTW Scope 1 and 2 emissions only — where a proportional approach based on headcount was applied to allocate emissions in the first instance. The TWIM emissions data was proportionately allocated based on percentage of AUM in relation to TWL Investments Division.

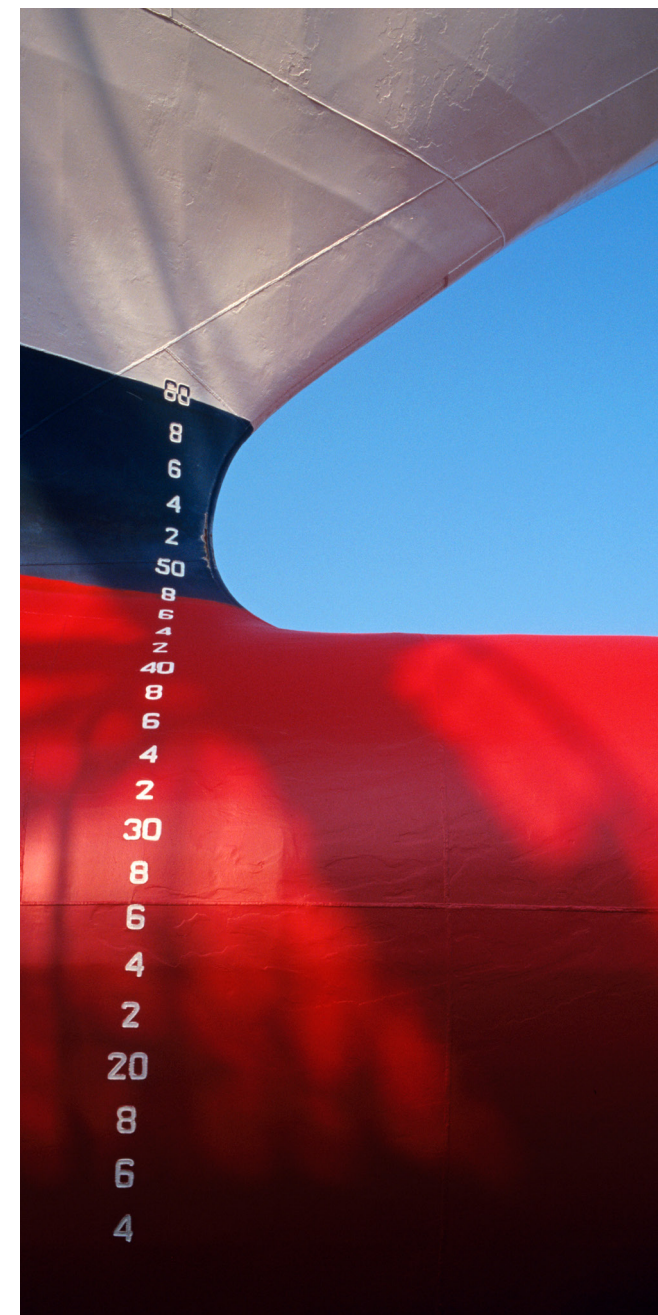
TWIM aggregated portfolio — metric calculation methodology and data sources

The carbon footprint metric shows both the absolute emissions (in tonnes CO₂) and relative emissions (absolute emissions/\$M invested). Emissions cover Scope 1 and 2 only; this Report does not cover Scope 3.

WACI is measured as the tonnes of CO₂e per million dollars revenue.

The alignment metric assesses the extent of alignment of assets with the Paris Agreement. This metric draws on multiple lenses, including Science Based Targets Initiative (SBTi) and Transition Pathway Initiative (TPI).

Different approaches are followed to arrive at strategy level climate characteristics depending on the situation. These are described on the next page.



Situation 1

Underlying issuer-specific climate data related to holdings in a strategy is available (this is the case for strategies investing in listed securities).

- Strategy-level holdings data is obtained from the relevant underlying external asset managers, custodians or index providers as appropriate
- Issuer-level climate and fundamental data is primarily sourced from MSCI and applied to the actual holdings data

Situation 2

Issuer-specific climate data related to holdings in a strategy is not available, but the underlying external manager, who undergoes our due diligence process, is able to provide emission and climate information related to the strategy as a whole.

- Strategy level climate and fundamentals data is sourced from the external asset manager (this is requested via a survey sent out on an annual basis)

In situation 2, the accuracy of the metrics is contingent upon each underlying external manager's individual interpretation of the data request, including their understanding of the definitions of each metric provided.

Situation 3

Issuer-specific climate data related to holdings in a strategy is not available and the external asset manager is not able to provide emission and climate information related to the strategy as a whole.

- Proxy portfolios of listed securities are derived based on the strategy's country/sector exposures

These proxy portfolios are used for calculating carbon emissions and footprint metrics calculations but are not to be used for an indication of potential climate solutions and alignment status.

- Issuer-level climate and fundamental data is sourced from MSCI and applied to the proxy portfolios

In situation 3, the accuracy of the metrics is contingent upon the extent to which the country/sector exposures provided and the resulting proxy portfolio is representative of the actual exposures in the strategy.

Data limitations

Reported business operations emissions include Scope 1 and 2. Limited Scope 3 emissions are also included which takes into account emissions from business travel in employee-owned vehicles where the company is responsible for purchasing the fuel (mandatory).

Model portfolios of listed securities are derived based on the strategy's country/sector exposures. These model portfolios are used, where necessary, for calculating carbon emissions and footprint metrics calculations but not for climate solutions or alignment status.

To derive the TWIM aggregated portfolio figures that have been reported, metrics are calculated at the individual Fund level and then aggregated. Where we have limited coverage, we report the information for the portion of the portfolio for which there is data, using the latest available data and methodology.

Scenario analysis

Overview

In addition to the potential outcomes set out in Strategy, which identify operational climate-related risks and opportunities, this section considers climate scenario analysis at the portfolio level.

Scenario analysis is a process for identifying and assessing the potential implications of a range of plausible future states under conditions of uncertainty. Scenarios are hypothetical constructs and are not designed to deliver precise forecasts. Instead, they provide a structured framework to explore how portfolios may be impacted under different combinations of climate-related risks.

In the context of climate change, scenario analysis supports an understanding of how transition risks (arising from the shift to a low carbon economy) and physical risks (arising from climate-related hazards and broader economic impacts) may affect investee companies' business models, strategies and financial performance over time.

Scenario analysis may be:

- 01 Qualitative, based on narrative pathways**
- 02 Quantitative, based on modelling and data; or**
- 03 A combination of both, as applied in this analysis**

The scenarios used are internally consistent, based on explicit assumptions and aligned with widely used industry frameworks, including those developed by the Network for Greening the Financial System (NGFS), with proprietary enhancements.

The purpose of this analysis is not only to assess climate-related risks, but also to support investment decision-making, including portfolio construction, stewardship priorities and risk management actions.

Enhancements to the scenario framework

The climate scenario framework has been updated across 2025 to improve its relevance for investment decision-making. Key enhancements include:

Improved transition risk assessment, incorporating financial impacts of transition-related policy, technology, consumer behaviour and market shifts with improved granularity

Enhanced physical risk modelling, incorporating macroeconomic impacts, in addition to direct asset-level damage

Explicit consideration of tail risks, including the potential impact of climate tipping points through more severe outcomes in higher-warming scenarios

We believe these enhancements result in a more comprehensive representation of climate-related financial risks.

Scenario design

The key building blocks used to construct climate scenarios are:

A transition narrative, describing the evolution of policy, technology and socioeconomic trends

An emissions pathway, determining the level of global temperature increase

The resulting physical and transition impacts, including both direct and macroeconomic effects

The translation into financial outcomes, assessed across asset classes, sectors and, where feasible, individual securities

Scenarios considered

The portfolios are assessed against a range of scenarios spanning orderly and disorderly transitions, as well as higher-warming outcomes.



Table 7. **Scenario analysis**

Scenario	Narrative	Temp Rise	Physical Risk	Transition Risk
Net Zero 2050 (1.5°C)	A more ambitious immediate action scenario where more aggressive co-ordinated policy is pursued immediately across all sectors. Faster technological shifts are achieved across power, transport, buildings and industry, with Carbon Dioxide Removal (CDR) used at scale to remove excess emissions due to stringent carbon budget. More drastic socioeconomic change is needed to limit resource consumption to sustainable levels.	1.5°C	Low to medium	High
Below 2°C	Globally co-ordinated climate policies are introduced immediately and low-carbon technology is deployed more rapidly, becoming gradually more stringent over time. Companies and consumers take the majority of actions available to capture opportunities to reduce emissions, with fossil fuels declining in a managed way and renewables, grids and electrification scaling rapidly and the use of CDR technologies is moderate.	1.8°C	Medium	Medium
Delayed Below 2°C	Delays in taking meaningful policy action result in a rapid policy shift around 2030. Policies are implemented in a somewhat but not completely co-ordinated manner resulting in a more disorderly transition to a low carbon economy, with a compressed adjustment period and higher stranded-asset and execution risks.	1.8°C	Medium	Medium
Business as Usual (BAU)	A “business as usual” outcome where policies, low-carbon technology and socioeconomic shifts follow their current trajectory, with no acceleration to incentivise further emissions reductions. Ongoing technology transitions continue, particularly in sectors such as electric vehicles and renewable power, but fossil fuels remain a core part of the energy system for decades and socioeconomic trends do not shift markedly from historical patterns.	2.4–3.0°C	High	Low (assume priced in)
Hot House World	The world follows delayed transition pathway, with rapid policy shift around 2030, however warming significantly exceeds 2°C due to a lower than expected remaining carbon budget and/or the impact of climate tipping points. Physical risks are higher than the average represented in BAU, at the high end (95th percentile) of the modelled range and with more significant impacts on global GDP.	3.0°C	Very high	Medium

The scenarios are designed to capture a range of plausible climate pathways and reflect both policy-driven transitions and real-world uncertainties, including those associated with carbon budgets and climate sensitivity.

Source: WTW building on NGFS

Treatment of tipping points and uncertainty

The scenario analysis considers the range of uncertainty around modelled physical risk outcomes and potential for climate tipping points to bring about more extreme impacts while recognising the limitations in modelling them precisely.

- The impacts of physical risk (both company specific and macroeconomic) are represented based on the average modelled outcome within each scenario except the Hot House World scenario
- The potential adverse impacts of tipping points and tail risks are represented in the Hot House World scenario through showing the 95th percentile worst modelled outcome of physical risks and through use of a more aggressive macroeconomic damage function. This scenario therefore shows more extreme, but plausible, impacts rather than central estimates
- Physical risk outcomes are subject to significant uncertainty and may be non-linear

Scenario outputs should be interpreted as stress tests rather than forecasts and are used directionally to inform risk management and investment decision-making.

Climate scenario modelling continues to evolve and results are subject to ongoing refinement as methodologies and underlying data improve.

Interpretation of scenarios

The scenarios differ in both the magnitude and timing of risks:

- Orderly scenarios involve earlier action, leading to higher near-term transition impacts but lower long-term physical risks
- Disorderly scenarios reflect delayed action, resulting in increased transition disruption and execution risk
- Higher-warming scenarios are characterised by materially higher physical risks, including system-wide economic impacts

A key insight from the updated analysis is at higher levels of warming, physical risks — particularly macroeconomic impacts — become the dominant driver of portfolio risk. Macroeconomic impacts of physical risk have particular significance for asset classes such as equities, whose performance is closely linked to overall economic conditions. Despite limited direct exposure to some high physical risk sectors (e.g. agriculture), equity performance may be materially affected by indirect impacts through macroeconomic channels.

An additional observation is that current market pricing may imply relatively limited warming outcomes while also reflecting a slower pace of transition. This combination is inconsistent with scientific consensus, which sees slower transition pathways and resulting higher emissions, associated with higher temperature outcomes. This highlights a potential misalignment between market expectations and plausible climate pathways, reinforcing the importance of forward-looking climate risk analysis.

Climate Value at Risk (CVaR)

Climate Value at Risk (CVaR) is a forward-looking metric used to estimate the potential financial impact of climate risks on portfolios.

It incorporates:

Transition risks

Including policy, technological and market changes; and

Physical risks

Including both direct damages and broader macroeconomic effects

The results represent the potential change in portfolio value if climate-related risks under each scenario were reflected in market pricing.

Interpretation of results

The analysis highlights how portfolio risk varies across climate pathways:

- Portfolio risk increases materially as warming outcomes rise
- As noted above, physical risks are the dominant driver of losses in higher-warming scenarios, reflecting primarily broader macroeconomic disruption
- Aggregate transition risks are more moderate, even in faster transition scenarios. However, this masks a wide underlying distribution where some companies face headwinds and others enjoy tailwinds. Transition risk remains an important component of portfolio risk

Implications for investment strategy

The analysis highlights several considerations for protecting financial outcomes:

- Warmer scenarios drive large, non-diversifiable macroeconomic (systemic) physical risk which is difficult to diversify away through traditional portfolio construction
- The most significant long-term portfolio risks can only be avoided by limiting warming
- A successful real-economy transition reduces the chance of high temperature scenarios occurring
- The real-economy transition can be supported through understanding plausible transition paths at a sufficiently granular level and integrating this into stewardship and capital allocation decisions
- To the extent possible and all else equal, portfolios should be positioned to be resilient to transition and physical risks

Within this context

- Manager selection and engagement remain important in managing transition risk exposures
- Portfolio resilience requires consideration of both transition and physical risk exposures
- Ongoing monitoring, analysis and refinement of climate risk assessments are required as methodologies continue to evolve

CVaR results

Table 8: **Climate Value at Risk (% of portfolio)**

Scenario	Physical Risk	Transition Risk	Total
Net Zero 2050 (1.5°C)	-4.6%	-3.1%	-7.7%
Below 2°C	-8.7%	-1.7%	-10.4%
Delayed Below 2°C	-9.1%	-2.1%	-11.2%
Business as Usual (BAU)	-18.3%	0.0%	-18.3%
Hot House World	-33.9%	-2.1%	-36.0%

These results should be interpreted directionally and are intended to support understanding of relative risk across scenarios rather than precise loss estimates.

Source: WTW modelling based on proprietary, MSCI and NGFS data

Statement of compliance

In accordance with 'ESG 2.2 TCFD entity Report' of the FCA Handbook, this Report sets out our disclosures in line with the recommendations of the Taskforce on Climate-related Financial Disclosures ('TCFD') for Towers Watson Investment Management Limited ('TWIM').

The disclosures made in this Report are consistent with the TCFD Recommendations and Recommended Disclosures. Reasonable steps have been taken to ensure that disclosures, to the extent they are relevant and/or possible, also reflect sections C and D of the TCFD Annex entitled 'Guidance for All Sectors' and 'Asset Managers', respectively. We view climate-related disclosures as evolutionary and endeavor to continue to improve on our disclosures.

The Sustainability Risk, Product and Control Committee continue to oversee compliance with TCFD requirements and recommendations.

This statement is made in accordance with TCFD disclosures for the year ending 31 December 2025 and has been sent to the TWIM Board for approval and was approved by the Board of Directors of TWIM on 17 June 2026, as reflected by the Director's signature below.



Mark Calnan

Towers Watson Investment Management Limited
17 June 2026

Disclaimers

Towers Watson Investment Management Limited

Legal notices

Towers Watson Investment Management Limited (“TWIM”) is the appointed investment manager to a range of WTW funds (together, the “Funds”).

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Scenarios are hypothetical constructs and are not designed to deliver precise outcomes or forecasts. Instead, scenarios provide a way to consider how the future might look if certain trends continue or diverge and if certain conditions are met.

Metrics selected have been used as they are common business metrics for our industry sector. Data timeframe alignment is as close as is reasonably practical.

For example, emissions data covers the calendar year reporting period, but revenue figures related to the WACI cover the financial year best aligned to the reporting period.

Some of the goals, targets, commitments, impacts, policies and programmes described in this Report are also dependent on future actions and/or commitments taken by governments, private and public sector firms and wider systems.

Any assumptions, scenario analysis and metrics used in this Report have been derived using a blend of economic theory, historical analysis and opinions provided by external asset managers and/or advisers. They inevitably contain an element of subjective judgement. Any opinions or return forecasts on asset classes contained in this Report are not intended to imply, nor should they be interpreted as conveying, any form of guarantee or assurance regarding the future performance of the asset classes in question. No economic model can be expected to capture perfectly future uncertainty, particularly the risk of extreme events.

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Glossary

C

Carbon Dioxide Removal

Refers to technologies, practices and approaches that remove and durably store carbon dioxide (CO₂) from the atmosphere.¹

G

Greenwashing

Behaviour or activities that make people believe that a company is doing more to protect the environment than it really is.²

N

Net Asset Value is the total value of the assets of a company after its total debt has been subtracted.³

Network for Greening the Financial System

It was launched at the Paris One Planet Summit on 12th December 2017. It is a group of Central Banks and Supervisors willing, on a voluntary basis, to share best practices and contribute to the development of environment and climate risk management in the financial sector and to mobilise mainstream finance to support the transition toward a sustainable economy.⁴

S

SBTi: The SBTi defines and promotes best practice in science-based target setting. Offering a range of target-setting resources and guidance, the SBTi independently assesses and approves companies' targets in line with its strict criteria.⁵

Scope 1: Direct GHG emissions that occur from sources owned or controlled by the reporting company — i.e., emissions from combustion in owned or controlled boilers, furnaces, vehicles, etc.⁶

Scope 2: Indirect GHG emissions from the generation of purchased or acquired electricity, steam, heating or cooling consumed by the reporting company. Scope 2 emissions physically occur at the facility where the electricity, steam, heating or cooling is generated.⁷

Scope 3: All other indirect GHG emissions (not included in Scope 2) that occur in the value chain of the reporting company. Scope 3 can be broken down into upstream emissions that occur in the supply chain (for example, from production or extraction of purchased materials) and downstream emissions that occur as a consequence of using the organisation's products or services.⁸

1. Source: The Intergovernmental Panel on Climate Change

2. Source: Cambridge Dictionary

3. Source: Cambridge Dictionary

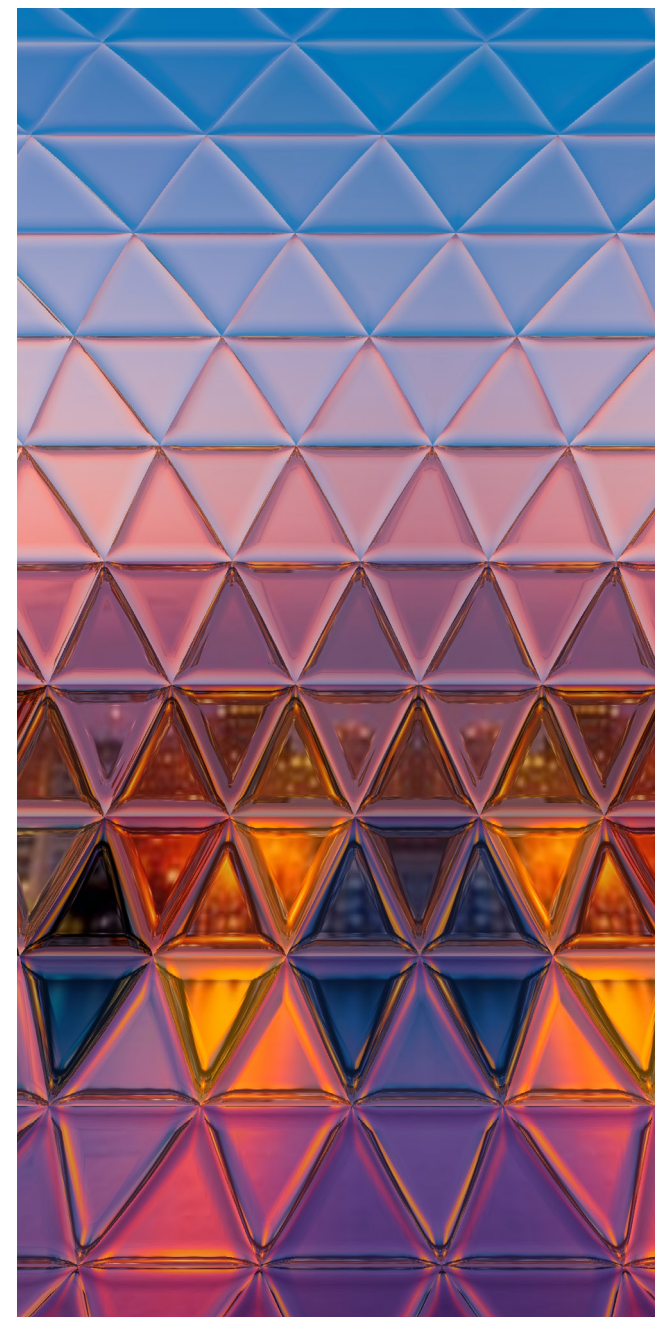
4. Source: Network for Greening the Financial System

5. Source: Science Based Targets initiative

6. Source: PCAF, WTW

7. Source: PCAF, WTW

8. Source: PCAF, WTW



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.

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