

Towers Watson Global Equity Focus Fund

Legal entity identifier: 6354005AONA6UNGX9Y55

SFDR Website Disclosure

A. Summary

The Towers Watson Global Equity Focus Fund (the “**Sub-Fund**”) is categorised as an Article 8 product under the Sustainable Finance Disclosure Regulation (“**SFDR**”). The investment objective of the Sub-Fund is to generate returns above the return on developed equity markets on a medium to long term basis. Towers Watson Investment Management Limited (the “**Investment Manager**”) sets out here in summary the key information with regards to the environmental characteristics promoted by the Sub-Fund and the approach taken.

Environmental characteristic promoted

The Investment Manager intends to reduce the greenhouse gas emissions of the Sub-Fund’s portfolio with a view to improving the risk-adjusted financial returns.

The Investment Manager intends for the Sub-Fund to achieve an approximately 50% reduction in greenhouse gas emissions by 2030 in its portfolio and continue beyond that time to further reduce greenhouse gases from the portfolio with an aim of net zero emissions by 2050.

Proportion of sustainable investments

The Sub-Fund does not commit to make sustainable investments.

Investment strategy, including due diligence and engagement

In support of the Sub-Fund’s intention to contribute to the reduction in greenhouse gases in its portfolio by 2050, the Investment Manager pursues various sustainability-related investment strategies. The Sub-Fund has a carbon journey plan (the “Carbon Journey Plan”) which sets a pathway towards the net zero goal of the Sub-Fund and is used to monitor whether the Sub-Fund’s portfolio is on an appropriate long-term trajectory. The Sub-Fund also seeks to avoid investments in certain sectors including thermal coal, oil/tar sands, controversial weapons and tobacco (“**Exclusions Policy**”). The Investment Manager has appointed an external stewardship services provider to undertake engagement with the issuers of the Sub-Fund’s investment holdings in order to support low-carbon and other good sustainability practices at those companies. In addition, the stewardship services provider provides voting recommendations to the Sub-Investment Managers (meaning a third-party investment manager appointed by the Investment Manager to manage the assets of the Sub-Fund) (the “**Sub-Investment Manager**”). A Sustainable Investing (**SI**) Report is also prepared as part of the due diligence process on Sub-Investment Managers. As part of the Investment Manager’s due diligence and oversight in respect of the Sub-Investment Managers, the Sub-Investment Managers are assessed prior to appointment, and periodically thereafter in order to ensure that the Sub-Investment Managers continue to follow good governance practices. The investee companies in which the Sub-Fund directly invests are also assessed for good governance practices, utilising data from third party providers and/or the Sub-Investment Managers, as per the Investment Manager’s ‘Good Governance Policy’ which is available from the Investment Manager upon request.

Proportion of investments

The Sub-Fund invests primarily in listed equity securities as well as other asset classes as specified in the "Investment Policy" section of the Sub-Fund's Supplement. A minimum proportion of 90% of the Sub-Fund is allocated to investments which contribute to the aim of attainment of net zero greenhouse gas emissions by 2050 in the portfolio of the Sub-Fund in accordance with the binding elements of the investment strategy. Up to 10% of the Sub-Fund can be allocated to derivatives and cash.

Monitoring of environmental or social characteristics

The Sub-Fund has the following sustainability indicators in relation to its net zero goal. The Investment Manager considers there to be no single definitive metric to adequately measure progress and therefore uses multiple metrics in the form of a 'climate dashboard' to consider the various dimensions of attainment of progress towards the net zero goal:

- achievement against the Sub-Fund's Carbon Journey Plan's "absolute emissions index" by monitoring the portfolio emissions / \$ invested in accordance with market practice and relevant industry net zero frameworks and guidance;
- percentage of the Sub-Fund's portfolio that is consistent with the goals of the Paris Agreement in accordance with market practice and relevant industry net zero frameworks and guidance;
- percentage of the Sub-Fund's portfolio in climate solutions using market practice and relevant industry net zero frameworks and guidance;
- the number of engagements with Sub-Investment Managers and investee companies on net zero and climate related matters; and
- excluded investments as a result of the ESG exclusions applied in respect of the Sub-Fund, as set out in the Exclusions Policy and as further detailed in the investment strategy section below.

Methodologies

The Investment Manager uses multiple methodologies to calculate progress towards net zero greenhouse gas emissions under the 'climate dashboard' detailed above, including: measuring Scope 1 and 2 greenhouse gas emissions attributable to the Sub-Fund; alignment with the criteria and principles set out in accordance with market practice and relevant industry net zero frameworks and guidance; measuring the proportion of the Sub-Fund's portfolio invested in climate solutions in accordance with market practice and relevant industry net zero frameworks and guidance; and a number of engagements with Sub-Investment Managers and investee companies.

Data sources and processing

The Investment Manager has partnered with MSCI ESG research who are a key source for the ESG data used for the purposes of disclosures. The data from MSCI is also supplemented with additional external data sources as recommended in accordance with market practice and relevant industry net zero frameworks and guidance. While the Investment Manager endeavours to make use of reported data where possible, in some cases, due to poor data coverage and/or quality, estimated data is used. Data for engagement is collected internally through the Investment Manager's research processes and supplemented with data provided from the stewardship services provider, and with internal controls in place within the Investment Manager's manager research team to ensure data quality and consistency.

Limitations to methodologies and data

Approximately 0-10% of the data used to monitor the sustainability characteristics of the Sub-Fund's portfolio is estimated, with the level of estimated data used varying for each sustainability indicator. In order to overcome the current data limitations, the Investment Manager's internal manager research team assess that the sustainability characteristics promoted by the Sub-Fund are being integrated by all Sub-Investment Managers. The Investment Manager has established an internal standards committee to periodically review the methodologies and datasets used to monitor the sustainability characteristics of the Sub-Fund to ensure processes evolve in line with industry guidance.

Designated reference benchmark

No designated reference benchmark is used.

B. No sustainable investment objective

This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment.

C. Environmental or social characteristics of the financial product

The Investment Manager intends to reduce the greenhouse gas emissions of the Sub-Fund's portfolio with a view to improving the risk-adjusted financial returns.

The Investment Manager intends for the Sub-Fund to achieve an approximately 50% reduction in greenhouse gas emissions by 2030 in its portfolio and continue beyond that time to further reduce greenhouse gases from the portfolio with an aim of net zero emissions by 2050.

D. Investment strategy

In support of the Sub-Fund's intention to contribute to the reduction in greenhouse gases in its portfolio by 2050, the Investment Manager implements the following investment strategy on a continuous basis:

- **Carbon Journey Plan:** the Sub-Fund has a Carbon Journey Plan, which sets a pathway towards the intended reduction of greenhouse gases in the Sub-Fund's portfolio by 2050 and is used to monitor whether the portfolio is on an appropriate long-term trajectory. The Carbon Journey Plan's principles and its measures are aimed to be consistent with market practice and relevant industry net zero frameworks and guidance. As part of the Carbon Journey Plan, the Investment Manager's monitoring and measuring includes alignment of the portfolio with the goals of the Paris Agreement, calculation of physical risk, as well as a proprietary framework to measure Climate Transition Value at Risk ("CTVaR"). The Carbon Journey Plan also constructs an "absolute emissions index" based on portfolio emissions / \$ invested, allowing for market value inflation from the baseline year of 2019, which the Sub-Fund's portfolio is compared to and monitored against.
- **ESG Exclusions:** as per the Exclusions Policy, the Sub-Fund will seek to avoid investments in companies / assets as follows:

Exclusion	
Thermal coal	Any company/asset with revenues > 25% from mining or sale to third parties. Any company/asset with revenues >50% from coal power generation.
Oil / tar sands	Any company/asset with revenues > 25% from oil sands extraction.
Controversial weapons	Any company/asset with any revenue in relation to cluster munitions, landmines, biological / chemical weapons, depleted uranium weapons, blinding laser weapons, incendiary weapons, and/or non-detectable fragments.
Tobacco	Any company/asset with revenues > 10% from tobacco production, distribution, licensing, retailing or as a direct supplier to the tobacco industry

- **Engagement:** the Investment Manager has appointed an external stewardship services provider to undertake engagement with the issuers of the Sub-Fund's investment holdings, in order to promote better long-term financial outcomes and protect investors against financial risks. This may include engagement on the low-carbon transition and other good sustainability practices at those companies. In addition, the stewardship services provider provides voting recommendations to the Sub-Investment Managers. The 'Investment Committee' within the Investment Manager in respect of the Sub-Fund periodically reviews and assesses the engagement data from the stewardship services provider and the voting

records of the Sub-Fund.

- **Initial and ongoing sustainability due diligence:** a SI Report, the findings of which are reflected in the Investment Manager's overall ratings for a Sub-Investment Manager, is prepared as part of the due diligence process on Sub-Investment Managers. This SI Report includes a qualitative and quantitative assessment of how well the climate-related issues as well as wider sustainability issues are factored into each Sub-Investment Manager's investment process for the strategy of the Sub-Fund. The Investment Manager reviews this SI Report before appointing a Sub-Investment Manager, as well as on an ongoing periodic basis. The Investment Manager will engage with a Sub-Investment Manager on their allocations with a view to improving the sustainability credentials, including in relation to net zero, of the Sub-Fund over time. The 'Investment Committee' within the Investment Manager in respect of the Sub-Fund periodically reviews and assesses the attainment of the net zero environmental characteristic promoted by the Sub-Fund.
- **Good governance:** the Sub-Investment Managers are assessed prior to appointment, and periodically thereafter in order to ensure that the Sub-Investment Managers continue to follow good governance practices. The investee companies in which the Sub-Fund directly invests are also assessed for good governance practices, utilising data from third party providers and/or the Sub-Investment Managers, as per the Investment Manager's 'Good Governance Policy' which is available from the Investment Manager upon request.

E. Proportion of investments

The Sub-Fund invests primarily in listed equity securities as well as other asset classes as specified in the "Investment Policy" section of the Supplement of the Sub-Fund.

A minimum proportion of 90% of the Sub-Fund is allocated to investments which contribute to the aim of attainment of net zero greenhouse gas emissions by 2050 in the portfolio of the Sub-Fund in accordance with the binding elements of the investment strategy. Up to 10% of the Sub-Fund can be allocated to derivatives and cash.

F. Monitoring of environmental or social characteristics

The Sub-Fund has the following sustainability indicators in relation to its net zero goal. The Investment Manager considers there to be no single definitive metric to adequately measure progress and therefore uses multiple metrics in the form of a 'climate dashboard' to consider the various dimensions of attainment of progress towards the net zero goal:

- achievement against the Sub-Fund's Carbon Journey Plan's "absolute emissions index" by monitoring the portfolio emissions / \$ invested in accordance with market practice and relevant industry net zero frameworks and guidance;
- percentage of the Sub-Fund's portfolio that is consistent with the goals of the Paris Agreement in

accordance with market practice and relevant industry net zero frameworks and guidance;

- percentage of the Sub-Fund's portfolio in climate solutions using market practice and relevant industry net zero frameworks and guidance;
- the number of engagements with Sub-Investment Managers and investee companies on net zero and climate related matters; and
- excluded investments as a result of the ESG exclusions applied in respect of the Sub-Fund, as set out in the Exclusions Policy and as further detailed in the investment strategy section above.

G. Methodologies

In monitoring the environmental characteristics promoted by the Sub-Fund, the approach taken to calculating each of the sustainability indicators outlined above is described below:

Carbon emissions

Carbon emissions are calculated using the approach outlined in the Partnership for Carbon Accounting Financials ("PCAF") which calculates the total financed emissions of the Sub-Fund as the Scope 1 and 2 greenhouse gas emissions attributable to the Sub-Fund's portfolio. For corporates, emissions are attributed by Enterprise Value including cash.

Alignment

Assessment of alignment is made based on a range of asset class and sector-specific indicators in accordance with market practice and relevant industry net zero frameworks and guidance. For listed assets, in determining whether a company is "aligned", "aligning" or "not aligned", relevant industry research data is used depending on data availability.

Climate solutions

The Investment Manager's approach to determining the proportion of the Sub-Fund's portfolio (by net asset value ("NAV")) invested in climate solutions is based on the framework set out in accordance with market practice and relevant industry net zero frameworks and guidance.

Engagements

The Investment Manager's manager research team assess how Sub-Investment Managers integrate net zero and climate issues within their investment process. Where issues are identified, the Investment Manager engages directly with the Sub-Investment Manager and encourages them to actively engage with companies through stewardship and voting policies to improve these risks. The Investment Manager has a robust process in place to document and monitor these engagements to ensure progress is made by Sub-Investment Managers in line with the Sub-Fund's net zero objectives. The Investment Manager overlays internal engagement processes with engagement through an external stewardship services provider who engage directly with companies on climate and other issues on the Investment Manager's behalf. The stewardship services provider measures and monitors the progress of all engagement, setting clear objectives and specific milestones for the most intensive engagements which are used to assess the number of engagements carried out against issues related to net zero and climate change.

H. Data sources and processing

The Investment Manager recognises the importance of obtaining high quality ESG data to accurately monitor the Sub-Fund against the environmental characteristic it promotes, however, It should be noted that sustainability data in the asset management industry is still in its relative infancy, however, there is rapid evolution across data and methodologies associated. The Investment Manager has made significant efforts, and investment, in obtaining high quality data through regular due diligence assessments of both current providers and new providers in the market to ensure that the data used within sustainability processes is in line with industry standards. Following a detailed assessment of several major ESG data providers in the market, the Investment Manager partnered with MSCI ESG research who are a key source for the ESG data used within disclosures. The Investment Manager regularly scrutinises the relevancy and accuracy of the data and methodologies used by MSCI in the measurement of sustainability indicators, and where gaps are identified the Investment Manager seeks to identify additional data sources to improve data coverage and reliability. Data from MSCI is supplemented with additional external data sources in accordance with market practice and relevant industry net zero frameworks and guidance.

The Investment Manager undertakes checks on the data collected internally and where issues are identified they have a process in place whereby Sub-Investment Managers are requested to review and amend data via the data submission platform. To reduce operational risks, the Investment Manager's preference is to use automated systems and data feeds to collect the sustainability data required to monitor portfolios, although in some cases a more manual process is used to collect data, such as Excel. The Investment Manager is committed to reviewing and improving data integration and processing systems to ensure that the data used is accurate, reliable, and timely.

While the Investment Manager endeavours to make use of reported data where possible, in some cases due to poor data coverage and/or quality, estimated data is used. Estimates are used only where the Investment Manager believes a sensible estimate can be produced, using securities which have similar characteristics to the underlying securities held within the Sub-Fund's portfolio. In cases where the Investment Manager believes an appropriate estimate cannot be derived, it is assumed that no data is available with respect of those assets. Approximately 0-10% of the sustainability data used to monitor the sustainability characteristics of the Sub-Fund's portfolio is estimated, with the level of estimated data used varying for each sustainability indicator. Data for engagement is collected internally through the Investment Manager's manager research processes.

This data is supplemented with data provided from the stewardship services provider and with internal controls in place within the Investment Manager's manager research team to ensure data quality and consistency.

I. Limitations to methodologies and data

While the Investment Manager has made significant efforts to source relevant data to assess the sustainability characteristics of the Sub-Fund, one of the main limitations to the Investment Manager's current approach is the limited availability of suitable data. This is often due to the lack of disclosed data available by issuers and inconsistencies in the methodologies used due to a lack of clear industry guidance and standards. Where the Investment Manager is unable to source suitable data or construct reasonable proxies itself, the Investment Manager may rely on third-party data providers, as disclosed above. The Investment Manager may also use their internal manager research team to assess that the sustainability characteristics promoted by the Sub-Fund are being integrated by all of the Sub-Investment Managers within their ongoing due diligence and meetings with Sub-Investment Managers and work with Sub-Investment Managers to improve the disclosure of sustainability data.

The Investment Manager has established an internal standards committee to periodically review the methodologies and datasets used to monitor the sustainability characteristics of the Sub-Fund's portfolio to ensure processes evolve in line with industry guidance. As the industry continues to demand more comprehensive disclosure from companies, the Investment Manager expects many of the current limitations to methodologies and data to narrow over time, which will reduce reliance on estimated rather than reported data.

J. Due diligence

The Investment Manager has an annual sustainable investment due diligence process for Sub-Investment Managers. Initial due diligence is conducted via a questionnaire which generates scores on ESG integration and stewardship. The investment scores are "strong", "acceptable" and "weak". The Investment Manager's manager research team supplement this with both qualitative and quantitative assessments gathered from Sub-Investment Manager research meetings, and desk-based research, and integrate this information into the Investment Due Diligence ("IDD") report.

K. Engagement policies

The Sub-Investment Managers that score a "weak" on either ESG integration or stewardship will be prioritised and subjected to an intensive engagement program over the subsequent 12 months. If the Sub-Investment Manager is unreceptive to engagement and an identified issue is material, the Investment Manager's manager research team will escalate the Sub-Investment Manager for internal consideration, potentially resulting in a downgrade of their IDD Research Rating to Low/Not Rated. This process is repeated for the subsequent year, with the thresholds for "strong", "acceptable" and "weak" updated to reflect progress across the industry.

L. Designated reference benchmark

No designated reference benchmark is used.

Please note that translations are available on request.

About WTW

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