Towers Watson Partners Master Fund

Legal entity identifier: 635400QFZ4EGVZZ8KR49

SFDR Website Disclosure

A. Summary

The Towers Watson Partners Master 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 deliver a Real Return of 5% per annum, measured over the very long term, with volatility around half that of public equities. Towers Watson Investment Management Limited (the "**Investment Manager**") sets out here in summary the key information with regards to the environmental characteristic 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 by 2050 with a view to improving 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 has a variety of related binding elements in the Sub-Fund's investment strategy it pursues. 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. A Sustainable Investing ("**SI**") Report is also prepared as part of the due diligence process on Portfolio Managers[1]. The Portfolio Funds[2] in which the Sub-Fund invests, and the Portfolio Managers, are assessed prior to investment and periodically thereafter to ensure that they continue to follow good governance practices.

Proportion of investments

The Sub-Fund will primarily invest in a range of Portfolio Funds (including WTW Funds), as specified in the "Investment Policy" section of the Supplement. A minimum proportion of 80% of the Sub-Fund is allocated to Portfolio Funds 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 20% of the Sub-Fund can be allocated to derivatives and cash, or certain Portfolio Funds which are used to seek to achieve the Sub-Fund's investment objective, albeit not used to attain the environmental characteristics promoted by the Sub-Fund due to their negligible influence on real-economy decarbonisation (including strategies such as certain high turnover strategies or strategies with heavy reliance on derivatives).

1. Defined as a third-party investment manager or sub-investment manager (being an investment manager or sub-investment manager other than the Investment Manager) providing discretionary portfolio management services in respect of a Portfolio Fund ("Portfolio Manager").

2. Defined as a collective investment scheme (and in the case of a collective investment scheme constituted as an umbrella fund, a sub-fund thereof), or a fund structured through a life policy or managed account, or segregated account managed by a Portfolio Manager in which a Sub-Fund may invest. Where a Sub-Fund wishes to gain exposure to a Portfolio Fund through a master-feeder structure, the feeder fund through which the Sub-Fund invests shall be disregarded for the purposes of this definition, provided always that the master fund shall, itself, be a portfolio fund ("Portfolio Fund").

Monitoring of environmental or social characteristics

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; and
- the number of engagements with Portfolio Managers and investee companies on net zero and climate related matters.

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 based on the framework set out accordance with market practice and relevant industry net zero frameworks and guidance; and a number of engagements with Portfolio 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 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 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

In order to overcome any current data limitations, the Investment Manager's internal manager research team assess that the environmental characteristic promoted by the Sub-Fund are being integrated by all Portfolio Managers. The Investment Manager has established an internal standards committee to periodically review the methodologies and datasets used to monitor the environmental characteristic 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.

- **Initial and ongoing sustainability due diligence:** a SI Report, the findings of which are reflected in the Investment Manager's overall ratings for a Portfolio Manager, is prepared as part of the due diligence process on Portfolio 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 Portfolio Manager's investment process for the strategy of the Sub-Fund. The Investment Manager reviews this SI Report before investing, as well as on an ongoing periodic basis. The Investment Manager will engage with a Portfolio 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 Portfolio Funds and the Portfolio Managers in which the Sub-Fund invests are assessed prior to investment, and periodically thereafter in order to ensure that the Portfolio Managers and/or Portfolio Funds in which the Sub-Fund invests continue to follow good governance practices. As part of this assessment, the policies and processes utilised by the Portfolio Managers in the context of their good governance assessments of the underlying investee companies (within the relevant Portfolio Fund) are assessed by the Investment Manager. For further detail, please see the Investment Manager's 'Good Governance Policy' which is available from the Investment Manager upon request.

E. Proportion of investments

The Sub-Fund will primarily invest in a range of Portfolio Funds (including WTW Funds), as specified in the "Investment Policy" section of the Supplement. A minimum proportion of 80% of the Sub-Fund is allocated to Portfolio Funds 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 20% of the Sub-Fund can be allocated to derivatives and cash, or certain Portfolio Funds which are used to seek to achieve the Sub-Fund's investment objective, albeit not used to attain the environmental characteristics promoted by the Sub-Fund due to their negligible influence on real-economy decarbonisation (including strategies such as certain high turnover strategies or strategies with heavy reliance on derivatives).

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; and
- the number of engagements with Portfolio Managers and investee companies on net zero and climate related matters.

G. Methodologies

In monitoring the environmental characteristic 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. A consistent approach is applied when determining the attribution factor applicable for real estate, infrastructure, and other private assets as per the guidance set out by PCAF. Emissions are normalised by portfolio size to produce an emissions per $ invested figure.

Alignment

Assessment of alignment is made based on a range of asset class and sector-specific indicators that are consistent with the criteria and principles set out 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. For unlisted assets, the assessment is primarily based on information provided by Portfolio Managers on medium- and long- term net zero targets for assets in underlying funds, including Science Based Targets. Thresholds are set for the percentage of a fund aligned to net zero based on a funds net asset value ("NAV") to determine whether a fund is Aligned,

Aligning or Not Aligned.

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 Portfolio Managers integrate net zero and climate issues within their investment process. Where issues are identified, the Investment Manager engages directly with the Portfolio 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 support progress by Portfolio Managers in line with the Sub-Fund's net zero goal.

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, there are significant challenges in collecting appropriate, reliable ESG data given the gaps in corporate disclosure. The Investment Manager has made significant efforts, and investment, in obtaining high quality data through periodic due diligence assessments of both current providers and new providers in the market to support the alignment of data used within sustainability processes 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 as recommended 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 Portfolio 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. Up to 30% of the sustainability data per sustainability indicator used to monitor the environmental characteristic of the Sub-Fund's portfolio is estimated, with the level of estimated data used varying for each sustainability indicator. As set out in the limitations section below, the Investment Manager expects the amount of estimated data to reduce over time.

Data for engagement is collected internally through the Investment Manager's manager research processes.

I. Limitations to methodologies and data

While the Investment Manager has made significant efforts to source relevant data to assess the environmental characteristic promoted by 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 in relation to the underlying holdings in the Portfolio Funds[2] in which the Sub-Fund invests 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 environmental characteristic promoted by the Sub-Fund is being integrated by all of the Portfolio Managers within their ongoing due diligence and meetings with Portfolio Managers and work with them 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 environmental characteristic 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 Portfolio Managers. Initial due diligence is conducted via a questionnaire which generates scores on ESG integration and stewardship. The investment scores are “Low”, “Medium” and “High”. The Investment Manager’s manager research team supplement this with both qualitative and quantitative assessments gathered from Portfolio Manager research meetings, and desk- based research, and integrate this information into the Investment Due Diligence (“**IDD**”) report.

K. Engagement policies

The Portfolio Managers that score a “Low” on either ESG integration or stewardship will be prioritised and subjected to an engagement program over the subsequent 12 months. If the Portfolio Manager is unreceptive to engagement and an identified issue is material, the Investment Manager’s manager research team will escalate the Portfolio Manager for internal consideration, potentially resulting in a downgrade of their IDD Research Rating.

L. Designated reference benchmark

No designated reference benchmark is used.

Please note that translations are available on request.

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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