

Sustainability Risk Policy

The EU Sustainable Finance Disclosure Regulation (“SFDR”) requires certain firms to document (by way of a policy and/or procedures) how sustainability risks are integrated into their investment decision-making processes. Under SFDR, ‘**Sustainability Risk**’ means “an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of an investment”.

This is a summary of our Sustainability Risk Policy (the “Policy”), applicable to certain WTW entities, as further detailed below (“Firms” or ‘we’, ‘our’, ‘us’) on the integration of sustainability risks in their investment decision-making processes and/or investment advisory services. The Firms within scope of our Policy are:

- Towers Watson Investment Management Limited – as investment manager of the WTW Irish Fund range
- Willis Towers Watson Investments GmbH – providing investment management and advice
- Willis Human Capital and Benefits Limited – providing investment advice
- Willis Towers Watson (Ireland) Limited – providing investment advice

Overall approach

Sustainable investing (‘SI’) describes long-term, finance-driven strategies seeking to integrate environmental, social and corporate governance (ESG) factors, and effective stewardship in investment arrangements. SI is an important part of the Firms’ beliefs and investment approach.

We believe that the principles underlying SI help form part of the foundations of a long-term investment strategy, and that SI considerations may materially improve risk and/or return for our portfolios. In our view, this reflects good financial risk management, including systemic risk considerations.

We look to integrate SI within our investment process, from setting a mission and belief framework, through risk management, portfolio construction and manager selection, to implementation and monitoring. We view SI as an important input to the decisions we make, not a separate or

disconnected consideration.

We aim to integrate SI within our research, advice and solutions. In the course of our research and analysis, we consider a range of potential sustainability risks. Unless client-specific objectives or requirements necessitate, we seek to identify, measure, manage and monitor those risks that we consider to be most financially material.

We set out below further information of our integration of sustainability risks.

Sustainability Risk Management

As part of our broader risk management processes when investing, we have implemented procedures with respect to sustainability risks across integration, stewardship, monitoring and reporting, as outlined below.

The relevance and materiality of the sustainability risks identified and considered will vary depending on the client, financial product and asset class. Unless stated in product documentation or the terms and conditions of the advisory service provided, the consideration of sustainability risks does not result in a sustainability-focused financial product or advisory service but rather how Sustainability Risk information is considered as part of the overall investment process or advice.

We expect our approach to the integration of sustainability risks to continue to evolve.

Integration Identifying

Sustainability risks and sustainability-related considerations are important factors in identifying investments, themes and asset classes. 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 incorporate our view of the SI credentials and capabilities of the strategy under review.

Portfolio management

Our portfolio construction process looks to maximise portfolio quality, as evaluated through a number of 'lenses', including sustainability. This helps us build robust, diversified portfolios relevant to our clients' risk and return objectives, including considering resiliency to a range of sustainability-related risks and/or exposure to sustainability-related opportunities.

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 two dimensions:

1. Exposure of the portfolio to sustainability risks.
2. Manager SI integration – the extent to which, and success with which, sustainability is incorporated into the decisions made by external asset managers in the portfolio.

Portfolio tools

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

- 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
- 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.

We currently use a variety of third-party data sources as input to our proprietary tools. For example, for some asset classes (where data is available) we make use of MSCI ESG Research which allows analysis of holdings-level sustainability scores, their component environmental, social and governance aspects, key climate change related metrics, and controversy data. At both a security and portfolio level, this allows us to challenge bottom-up security selection decisions with external asset managers and apply top-down portfolio management, on absolute and relative bases.

These sustainability-focused information is combined within our overall portfolio construction process where possible. Various lenses of portfolio quality are considered when building portfolios with consideration to investment beliefs, market conditions and client contexts.

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 data is a continuously improving space but there are still data challenges for certain companies. We have identified areas where risk data is limited, and we engage with external asset managers and third-party data providers to improve coverage and quality. We expect data coverage and quality to improve over time.

Stewardship

Effective stewardship is another aspect of our SI and sustainability risk management practices and, we believe, is important to a well-functioning investment industry. We seek to exercise our stewardship responsibilities, either directly or via third parties, across relevant areas to mitigate risks, including sustainability risks, identified across our investment process:

- Asset manager engagement
- Security-level engagement
- Voting
- Public policy and working with industry groups

Monitoring and reporting

In respect of monitoring and reporting, we undertake a 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 above. We aim to monitor and report against sustainability risks that are financially material in the given investment context, and align our reporting with regulatory standards and recognised good practices.

Our monitoring and reporting draws 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.

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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