

# Statement on consideration of Principle Adverse Impacts

## No consideration of adverse impacts of investment decisions or investment advice on sustainability factors

### The WTW entities in scope of this disclosure are:

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

*(jointly, the Firms)*

**Currently, the Firms do not consider adverse impacts of their investment decisions and/or investment advice on sustainability factors (as such consideration is set out in Article 4 of the EU Sustainable Finance Disclosure Regulation (SFDR)).** We are required to provide clear reasons as to why we do not do so, and these reasons are explained in this statement.

“Principal adverse impacts” are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters (known as sustainability factors). SFDR sets out a prescribed list of mandatory indicators of principal adverse impacts (PAIs) with regards to investee companies for financial market participants and/or financial advisers to consider in their investment decisions / investment advice and to report against annually across all assets. Where this is not carried out, financial market participants and/or financial advisers must explain why they do not do so, including information as to whether and when they intend to consider such adverse impacts.

We explain this, and our current process, in this statement.

The PAI requirement explained above would cover all investment assets of the Firms.

At present the Firms do not consider PAIs of their investment decisions and/or investment advice in this prescribed manner as there are significant barriers to accessing and collecting the complete data for all of the mandatory PAIs across both traditional and alternative asset classes. Therefore, the Firms are unable to commit to doing so in a way which would be complete, verifiable or sufficient to satisfy the SFDR regulatory requirements.

However, the Firms do consider that evaluating sustainability-related metrics is an important part of the investment decision-making process, and as a way of assessing whether and how the Firms will be able to commit to considering PAIs in line with SFDR in the future.

As such, the Firms do currently monitor sustainability-related metrics, including using some of the metrics which are PAIs under SFDR, where they are providing investment management services (please see list below), and the Firms do consider the metrics’ relevance to the specific investment decisions being made and/or advice being provided. The Firms also consider the effectiveness of those metrics in providing accurate insights into the impact on sustainability factors.

The Firms will continue to track the coverage and data quality of the PAIs, including using the process described above to help evaluate our approach to PAIs, and will assess and report on progress towards PAIs each year and update the list below accordingly. The Firms reserve the right to change their position in the future.

## When providing investment management services

The metrics applicable to investee companies that are currently considered as part of existing investment decision making processes for the Firms providing investment management services are as follows:

- GHG emissions (Scope 1 and 2, and total GHG emissions)
- Carbon Footprint
- GHG intensity of investee companies
- Violations of UN Global Compact Principles and Organizations for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
- Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, and biological weapons)
- Exposure to companies active in the fossil fuel sector

Each of these metrics are included in, but are not all, of the mandatory list of PAIs for investee companies. The PAIs considered may differ slightly depending on the metrics available to the relevant Firms.

The PAIs we consider could, in the next 12 months, be incorporated into our investment decision making process for the Firms providing investment management services are:

- GHG emissions (Scope 3)
- Share on non-renewable energy consumption and production
- Energy consumption intensity per high-impact climate sector
- Activities negatively affecting biodiversity - sensitive areas
- Emissions to water
- Hazardous waste ratio
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact Principles and OECD Guidelines for Multinational Enterprises
- Unadjusted general pay gap
- Board gender diversity.

These metrics are the remaining PAIs included in the mandatory list of PAIs for investee companies.

However, this will be dependant on the availability and accessibility of data for the purposes of considering the remaining PAIs. The Firms continue to monitor and improve the access to data and the metrics the Firms are confidently able to report. The Firms will provide an update if this position changes.

While the Firms are not currently in a position to consider or report against the PAIs listed above, the Firms will continue to regularly assess the data available to them and report on progress towards PAIs each year. The Firms reserve the right to change their position in the future.

## When providing investment advice

At present, given the limited publication of some of the PAI data, the Firms providing investment advisory services are not currently in a position to consider and/or report against all of the mandatory and non-mandatory PAIs. The Firms (as investment advisers) will continue to regularly assess the data available to them and report on progress towards PAIs each year, reflecting the position of the investment management process above. The Firms (as investment advisers) reserve the right to change their position in the future. As set out above, the position on entity-level reporting on PAIs will be monitored on an ongoing basis and assessed at least annually.

Published: version 2 on July 2023

Updated: July 2023

#### About WTW

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



[wtwco.com/social-media](https://www.wtwco.com/social-media)

Copyright © 2023 WTW. All rights reserved.  
WTW-114800-07/23

[wtwco.com](https://www.wtwco.com)

