Stewardship Report

POLICY AND CONTEXT DISCLOSURE

BARNETT WADDINGHAM

Part of HOWDEN

AS AT 31 DECEMBER 2025

Part of HOWDEN

Policy and Context Disclosure

Introductory statement

We are delighted, on behalf of our Management Board, to present the "Policy and Context Disclosure" to Barnett Waddingham's ("BW's") Stewardship Report. The "Policy and Context Disclosure" is one of two parts of our report. It will be accompanied by the second part of our report, an annual "Activities and Outcomes Report" (which covers our sustainable activities and outcomes over the most recent calendar year).

We have previously produced a single combined report covering our commitments to various initiatives, including the UK Stewardship Code. For the 2025 reporting period onwards, we are producing separate reports for each initiative to provide greater clarity and focus.

When combined, the two parts of our Stewardship Report will evidence how we believe BW are meeting the Principles of the UK Stewardship Code as a business, across our operations, our services and our advice to clients.

During 2025, BW were acquired by Howden (a global insurance and employee benefits intermediary group), creating one of the largest pensions and employee benefits firms in the UK. Whilst full integration is expected over time, in the interim, we continue to operate under the BW name (especially in relation to the business areas covered by this report). After seeking approval from the Financial Reporting Council (FRC), we have reported as BW for the 2025 reporting cycle. Therefore, all references to "we" or "our" in this report refer to BW. Where relevant, we have included details on the acquisition, and subsequent integration activity, throughout the report.

Building on previous years' reporting, within the "Policy and Context Disclosure" we summarise our:

(i) Organisation and the services we provide;
(ii) Governance and resources, and how they enable delivery of services;
(iii) Stewardship policies and processes, and how we review them; and
(iv) Management of conflicts of interest, to put the best interests of our clients first.

Whilst we have used the four disclosures above to broadly structure our report, some elements naturally span more than one section. To avoid repetition, we have included these elements only where most relevant. Therefore, we encourage reading the report in full, in order to provide a full picture of BW, and our governance, policies and resourcing.

All information within this disclosure is based on information as at December 2025, and is subject to change (particularly the quantitative data). The disclosure will be updated every fourth year, or when there have been changes such that our Policy and Context Disclosure no longer aligns with our Activities and Outcomes Report.

Andrew Vaughan
Senior Partner

Helena Morrissey
Non-executive Chair

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Part of HOWDEN

A - Organisation and services

Purpose-driven success

BW is a leading independent UK professional services consultancy. We work with clients across investment, pensions, risk and insurance. We empower our people to put clients first and give back to our communities. Our purpose, “to empower people to secure better futures”, guides us through a rapidly evolving industry. This ethos has fostered a culture where care, commitment, and innovation thrive, allowing us to secure a better future together.

Services

We offer a full range of professional services to pension schemes, charities, foundations, family offices, corporates, funeral plans and insurance companies. These services include advising investors on setting objectives and policies, designing investment strategies, selection and monitoring of fund managers, oversight and evaluation of fiduciary managers and establishing effective governance frameworks. Sustainability, stewardship and climate change are integral considerations when providing the above services. We also advise investor clients on impact investing as well as the implications of, and alignment with, net zero and the Paris Agreement. The vast majority of our clients are UK domiciled.

All our investment consulting work is advisory, we do not manage money for our investment consulting clients, and we do not manage or provide our own funds.

BW also provide self-invested personal pensions (SIPPs), through BW SIPP LLP, small self-administered pension schemes (SSASs) and other retirement arrangements. Within our BW SIPP business we handle client money, and we facilitate the management of assets for clients within our SIPP arrangements on their instruction.

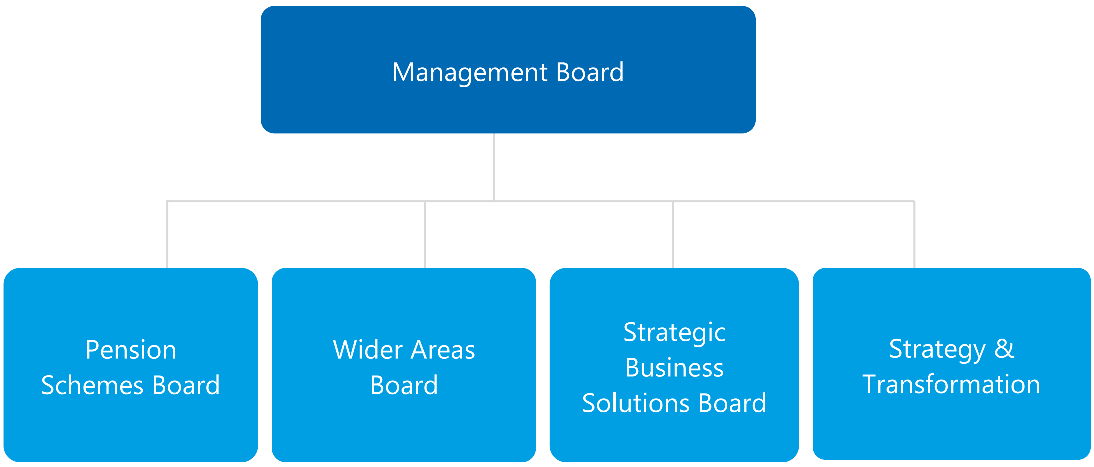
We offer a broad range of actuarial services. Our risk advisory and management decision analytics experts support clients across the business. Additionally, we provide full administration services to pension schemes and insurers as well as specialist pensions management and governance services.

Business model and strategy

BW is led by our Management Board (MB) who oversee our activities. MB has an independent non-executive Chair in order to bring an external and independent view ensuring there is appropriate challenge in the leadership of the business.

Three operating boards support MB, namely the Pension Schemes Board, Wider Areas Board and Strategic Business Solutions Board (SBSB). Each Board is led by an appointed Managing Partner, working along with our BW Strategy and Transformation Managing Partner. Under the operating boards are our business areas, each led by a Management Board-appointed Business Area Leader. We have set out the structure below.

Figure 1: BW’s structure and services



In addition to the operating boards, the firm has a number of other boards reporting to the MB overseeing key areas such as People, Professional Risk & Compliance, Nominations (for promotion to Partner and other senior positions in the firm) and Finance. The MB also sets the firm's overall sustainability objectives and supports the establishment and operation of sub groups within the firm to deliver these.

The MB, which includes our Chief Risk Officer (CRO) as a member, is ultimately accountable for risk management for BW, including sustainability-related risk. The Board defines our risk appetite, leads by setting the culture for the firm and sees key risks are appropriately managed within our risk appetite. It is also responsible for setting high-level strategy and approving the opportunities to pursue.

The MB sets our firmwide strategy based on the dual principles of focus and impact; we choose to actively focus on specific areas where our direct activities can create an outsized impact. Our sustainability strategy covers our own operational sustainability practices as well as providing advice and services to our clients.

- Pension Schemes Board includes Actuarial Consulting services, Investment Consulting services and Pensions Administration services. This also covers our public sector services, risk transfer and Pension Protection Fund (PPF) services.
- Wider Areas Board includes Risk Consulting, Benefits Consulting, Insurance & Longevity Consulting, Board Management Services, Self-Invested Personal Pensions (SIPP) and Small Self-Administered Schemes (SSAS).
- Strategic Business Solutions Board includes Business Development, Central Operations, Finance, Governance & Risk, Marketing, People, Property and Technology.
- Strategy & Transformation will shape our longer-term areas of strategic focus and engagement with the pensions, risk, insurance and investment markets to help us meet our long-term objectives as an organisation.

Our culture and our behaviours

'Do the right thing' is the simplest way to summarise our culture. This applies to the work we do for our clients and the culture we foster with our people. Consequently, our partners and senior team members work hard to instil this across the business. Our people are key to the success of our business, and we are proud of their loyalty and commitment to delivering a quality, efficient client service. People who join BW tend to stay, thriving in a professional learning environment and caring, friendly culture.

Our behaviours drive how our people act. These behaviours help guide us and bring us together as one team:

Building relationships

We strive to communicate openly, creating an honest and transparent environment where everyone is free to share their ideas, and challenges are addressed collaboratively. We enable people to grow and develop, offering both support and the room to learn from setbacks. Respecting everyone's differences, we champion the value of diverse perspectives, skills, and experiences, and treat everyone with dignity, kindness, and respect.

Finding solutions

We stay curious, promoting innovation by exploring new ideas and thinking differently. Our approach involves challenging constructively, addressing issues directly and professionally, and holding ourselves and others accountable. And through this culture of mutual respect, we are encouraged to trust our own expertise and the power it holds to drive positive change.

Delivering impact

We keep our promises, delivering excellence by consistently following through on our commitments and delivering high-quality work. Our aims are high, taking a proactive approach to continually developing our skills and approaches as we strive to surpass expectations and set new standards in our field. Driving this progress is our desire to embrace and inspire change, taking smart risks and bold actions in our pursuit of creating meaningful impact.

Culture is seen as an evolving aspect of our business. MB's focus is on seeing it remains fit for purpose for staff and clients alike. However, doing the right thing is, and remains, a key cornerstone of our culture. Upholding ethical standards remain central to our behaviours and culture.

Understanding our effectiveness

Our MB is ultimately responsible for our purpose, strategy and culture and keep this under review through a number of measures to understand our effectiveness. Several delivery groups report into MB as set out in Figure 1 above. The Strategic Business Solutions Board receive quarterly reports from the Sustainability Steering Group and Pension Schemes Board receive quarterly reports on the performance of the Investment Consulting business area, which incorporates the work undertaken within the Sustainable Investment Team. We review areas including business retention and winning new business, as well as feedback from our people and clients, on how effective we are in our purpose, strategy and culture. We also identify the evolving needs and expectations of our clients and prospects and build these directly into our stewardship and sustainability work.

Across our business, we retain a large percentage of clients, and continue to win new business in competitive tenders, particularly as more clients prioritise sustainability and stewardship. This indicates our culture is successful in enabling effective stewardship and sustainable investment for our clients.

We seek feedback directly from colleagues and also gather input from them using Best Companies, an independent organisation specialising in employee engagement, to carry out anonymous surveys. The survey covers topics relating to engagement, including wellbeing, pay and benefits, giving back, personal growth and leadership. We were delighted to receive a one-star rating in 2024, showing BW is a 'Very Good' place to work. The results from the survey put us in the UK's Best 100 Large Companies to Work for in 2024. We plan to run the survey every two years to obtain up to date ratings.

Overall, our staff retention rates as well as survey results and staff engagement demonstrate our culture, purpose and strategy enable our colleagues to provide effective advice and stewardship engagement. We continually review our effectiveness and look for further improvements.

As covered on page 22, we also seek client feedback through commissioning Investor in Customers, an independent organisation that helps businesses improve customer experience, to undertake a client satisfaction survey on our behalf every two years, as well as part of our regular meetings and engagements with clients.

Incentivisation

Our annual personal development review process promotes good practice throughout our teams. It focuses on the practices needed to provide top-quality advice to clients. As a minimum, this means helping clients to comply with the latest legislation on stewardship. For consultants to demonstrate best practice they must be delivering beyond this; our process helps them to understand how good stewardship can enhance investment outcomes. All else being equal, remuneration will therefore be aligned with consultants delivering effectively on stewardship to clients.

Fees

We use a template fee modeller to assist our consultants in setting fees for clients, to help ensure consistency and fairness. All of our advice to clients in respect of fund selection includes a section that compares the cost of investing on a like-for-like basis (we seek to include both explicit fund management charges, and implicit costs (e.g. turnover)). We are flexible with how we charge clients, we are happy to agree fixed fees in advance or work on a time-cost basis.

We regularly test the fees we charge against the market (e.g. by taking feedback following new business tender processes, through discussions with independent trustees and via external surveys such as that carried out by Greenwich Associates), so that we are confident that our fees represent excellent value for the quality of service we provide.

B - Governance and resources

Governance

Our leadership team and colleagues at BW are all aware that we must take and manage risk in order to grow and thrive. We do this throughout our day-to-day business operations, processes and decision-making. We face increasingly complex and wide-ranging risks, so to manage these we have formal risk management frameworks and policies.

Partners and staff are encouraged to openly identify and discuss risks. Where there are sensitive risks, appropriate channels are available, including liaising with the Professional Risk and Compliance Committee or MB members. Our CRO leads our Governance team, manages our risk and compliance functions, and leads the Risk and Compliance workstream for our integration with Howden. They work closely with both BW and Howden teams to help align priorities, share best practices, and create a joined-up approach to risk and compliance, to support our growth plans and strengthening how we manage risk across the business.

There are several sustainability governance and delivery groups that all ultimately report into the MB (more information on our MB's overall structure and responsibilities can be found on pages 3-4). Details of each of these groups and their reporting lines are set out below:

Sustainability Steering Group

Our Sustainability Steering Group (SSG) is responsible for designing and implementing BW's sustainability strategy including promoting the development of client-facing sustainability services, the impact and sustainability of our business as a whole, and our operational approach to sustainability. The SSG (which is led by a Partner and has a member of the MB as one of its nine members) is also charged with sharing sustainability knowledge and our planned actions across business areas, promoting engagement while supporting colleagues to help our clients.

Our SSG is responsible for identifying, managing and mitigating or eliminating sustainability risks in connection with BW's operations and corporate activity, while also supporting compliance with relevant legal and regulatory requirements, industry standards and guidelines on sustainability. It is also responsible for identifying climate-related opportunities and supporting the development of services within business areas to take advantage of these.

The SSG meets each month to track progress and agree direction. It reports quarterly to the Strategic Business Solutions Board (SBSB) on progress against BW's goals and objectives. The SSG produces an annual paper setting out an analysis of climate-related risks and recommendations to SBSB on climate-related goals and aims.

Sustainable Services Working Group

Within our business areas we have project teams and groups working on developing and delivering sustainable services for our clients; we also have a firm-wide Sustainable Service Working Group (SSWG). This group is made up of sustainability leads from each of Insurance and Longevity, Employer Consulting and Wellbeing, Public Sector Consulting, Investment Consulting, Actuarial Consulting and Board Management Services business areas. This group works to promote knowledge sharing, joined-up offerings and efficient development and delivery of services to our clients.

SSWG reports into both the Pension Schemes Board and the Wider Areas Board.

Sustainable Operations Group

The Sustainable Operations Group is responsible for implementing our environmental strategy. It oversees the implementation of our Environmental Management System (EMS), enabling a structured and data-driven approach to reducing BW's emissions over time. We measure and record emissions associated with energy use across our offices to inform our Scope 1 and 2 calculations, and report on selected Scope 3 categories, with a commitment to expanding the breadth of this reporting. Annual environmental audits are also conducted across all offices to assess performance and identify opportunities for continuous improvement.

The team also lead on sustainable procurement, embedding sustainability and climate change criteria into our supplier questionnaire so we can select the best environmental and economical goods and services through all our procurement activities as an organisation, including energy, waste, construction, transport, catering, energy-using equipment and other services. The team is part of the Central Operations Team and reports to the SBSB.

Business area teams and projects

Teams in each business area work on various projects to develop our capacity and support our clients to manage sustainability risks and opportunities across a range of areas. These groups support colleagues to have the knowledge and ability to advise clients on sustainability while also delivering specific projects to help clients manage, for example, the transition to a low carbon economy.

Each business area maintains a risk register and assigns risk owners with appropriate resources to manage and mitigate risks, including sustainability and climate risks. Each area reviews and reports on risks that could impact business plans and the success of the business area at least quarterly, in line with performance reporting and planning timelines.

Sustainable Investment Team

The Sustainable Investment Team (SIT) supports our investment consulting practice in having the knowledge and ability to advise clients on all investment matters related to sustainability, like climate change and stewardship, whilst supporting the sustainability objectives of BW. The SIT works collegiately and aims to integrate with the whole of the investment consulting area and the rest of BW. It serves as the primary resource for all issues pertaining to sustainable investment. Projects are undertaken by a group of around 17 members of the wider investment team, covering research, propositions, training and development. Of the Investment Team members involved in SIT, five people have dedicated roles within a SIT priorities group, committing a significant proportion of their time to the work of the SIT. We continue to provide services to our clients and support their effective stewardship, sustainable, net zero and impact investing.

Each year, the SIT priorities group develop a business plan for the SIT that sets out our priorities and focus areas. This planning process is informed by key themes, our clients' needs, current market trends, and regulatory developments. While the plan provides structure and direction, it aims to remain flexible and dynamic, allowing us to respond to emerging sustainability issues throughout the year.

The SIT is chaired by a BW Partner and reports to the Business Area Leader for the Investment Consulting team, who in turn reports to the Pension Schemes Board.

Resourcing sustainable investment and stewardship

Organisational and workforce structure

Our investment research team, including the SIT, comprises 15 full-time equivalent members, made up of 10 researchers where research activities make up the vast majority of their role (one of which is a specialist SIT researcher) alongside our consultants. Our manager research team is part of the wider research team and are responsible for day-to-day integration and engagement with asset managers. Every researcher does sustainability research to inform our overall asset manager ratings, and the team is supported by the dedicated specialist SIT researcher (and wider SIT members).

The investment analysts and full-time research staff are the key individuals responsible for performance reporting for our clients. Our focused team of generalists with in-depth knowledge across multiple areas encourages knowledge sharing and constructive challenge. This allows our opinions to be well thought-out and robust, with no pressure to "sell" a specialist area.

Our researchers focus on delivering high-quality, in-depth research that reflects the needs of our wider investment consulting business. Our approach to research is founded on the belief that any good research idea must be considered from the perspective of strategy, markets, sustainability and asset managers and, as such, these form our four research cornerstones. All four research cornerstones are integrated into the solutions we provide for our clients.

We operate expert groups within our four research cornerstones to achieve the information-sharing and high-quality research highlighted above. The below graphic illustrates the structure along with each group's key responsibilities:

Figure 2: Investment research team structure

Our research team engages with asset managers to obtain data and analyse and interrogate their investment approach on behalf of our clients. This is overseen by the Research Team Leaders (one of which is a dedicated specialist SIT researcher). Sustainability is built into the team's objectives and annual assessment and review process.

Quality and accuracy

In order to support the quality and accuracy of our services in respect of sustainability and stewardship, we undertake a range of work within the team so that our investment consultants are best placed to effectively advise clients:

- We provide comprehensive training to all members of the team, from introducing the high-level principles to new graduates, to detailed advice-focused training for experienced consultants. The education for new graduates includes "rotating" into our different research teams as part of their induction programme. We also encourage all members of the team to regularly attend training provided by asset managers and industry bodies, so that we understand different views and approaches, and can take new ideas to clients. Consultants also invite Research Team members (including SIT members) to support the training and discussions they provide to clients.
- Sustainability and stewardship data from managers is reviewed by both the SIT and client teams to provide accuracy and flag inconsistencies. As part of this process, we engage with managers on the data provided and emphasise the importance of stewardship to clients and the quality of stewardship data. We aim for best practice in the process of voting/engagement data collection by using the Pensions UK vote reporting template and the Investment Consulting Sustainable Working Group (ICSWG) recommended metrics including the Engagement Reporting Guide.
- All our advice to clients is subject to an internal peer review from a certified consultant outside of the immediate client team. Where the certified individual on the client is not Principal or Partner level (the two most senior levels within our Investment Consulting team), the peer review must be carried out by a Principal or Partner. This process means that every piece of advice we issue is seen by at least one highly experienced member of the team, in order to help us deliver the best quality of advice to clients. Moreover, this review will include raising areas of the advice that are "missing" including raising important issues such as responsible investment and stewardship.
- As part of helping clients to comply with the requirement to set objectives for investment consultants, we encourage a beyond-compliance approach to the annual review of our performance against objectives, taking the opportunity to reassess what clients want from us as their advisor, including any objectives in respect of stewardship.
- By checking and reviewing the data, information and advice we provide to our clients we provide a consistent and continuously improving approach to supporting clients' stewardship.
- Our internal processes help to support consistent consideration of net zero alignment in investment advice, through training for consultants and checklists for teams to confirm that net zero alignment has been a consideration before advice is issued.

Part of HOWDEN

Seniority, experience, qualification(s), training and diversity

We encourage all of our investment consulting team to undertake professional qualifications, with the majority of the team studying for or qualified as an Actuary or the Chartered Financial Analyst (CFA) designation. Of the 134 members of the investment team, 47 are certified advisors at the time of writing this report. Members of the team who are studying to qualify with the Institute and Faculty of Actuaries (IFoA) or with the CFA benefit from a comprehensive study policy, which provides both time and money to support learning. The team also supports members studying towards other qualifications, such as the CFA Certificate in ESG Investing, with two of the team currently holding or studying for the certificate. The team benefit from study mentors for those undertaking qualifications. Mentors support team members undertaking qualifications by providing both practical assistance in relation to study routes, as well as insights into learning methods.

SIT forums are integrated into quarterly office team meetings. At each office, a SIT member leads a discussion on current issues in sustainable investment and provides an opportunity for the wider team to share sustainability consulting issues. From time to time, SIT member attendees will be rotated in order to bring diversity of opinion to the discussions.

The SIT provides the wider Investment Consultancy area with scheduled training, webinars, monthly newsletters, walk-in sessions, a training hub, and have a dedicated email address and a dedicated team to answer any queries. The SIT training hub includes useful videos on sustainability-related topics, and is structured with separate sections for internal and external facing material; with external material for use with clients.

The SIT also regularly highlight important developments to the Investment Consultancy team via the central resources weekly update email. A dedicated member of the SIT priorities group is responsible for co-ordinating these activities.

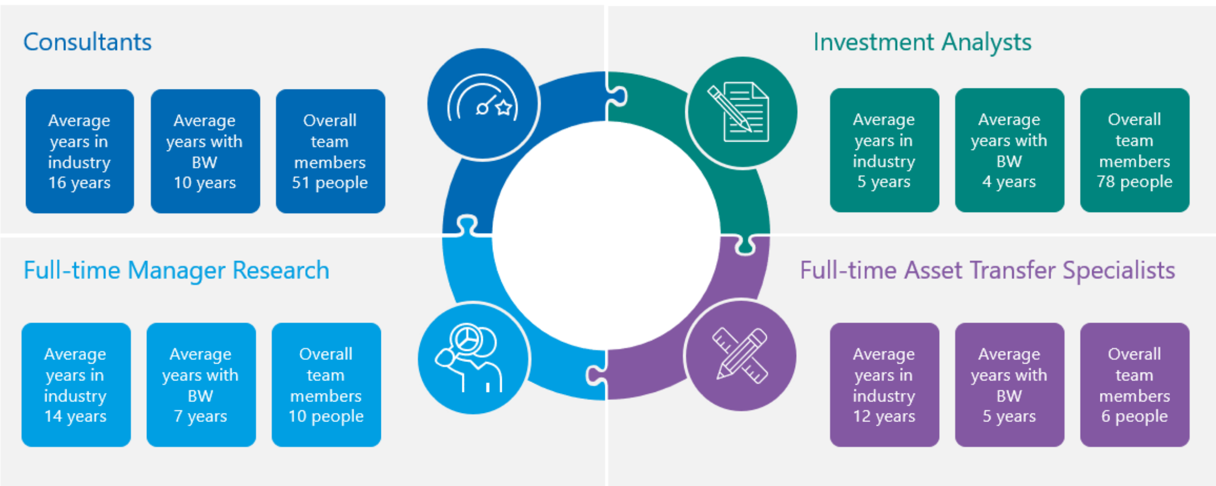
SIT members meet asset managers, attend external events and disseminate the learnings from these at two half-yearly SIT development days (whole-day sessions where the SIT discusses developments within the industry) as well as at SIT priorities group meetings. This insight helps to inform the development of the SIT's strategy and the SIT's priorities group business plan.

Our recruitment process evolves depending on the needs of the business over time, but key principles of our approach are:

- New recruits should ideally contribute not just academic expertise to the team, but also enhance the collective efficacy by providing diversity of thought and ideas. We continue to evolve our recruitment process to make it as effective as possible.
- A sustainable business is one that is built on a stable foundation of new graduates and experienced hires who demonstrate our mindsets and behaviours, as we believe this best supports our business and the provision of good service to clients now and into the future.

For some clients, we provide support in implementing the movement of assets between funds and between asset managers. This challenging and risky area of work requires careful and expert oversight, for which we have a full-time team of asset transfer specialists. Figure 3 shows our investment consulting teams and their experience.

Figure 3: BW's investment consulting teams and experience



Diversity, Equity and Inclusion (DEI)

The BW culture of ‘doing the right thing’ emphasises ethical behaviour and treating others with respect and fairness. We develop teams who give and welcome different opinions, views and cultural perspectives, bringing a real richness in our day-to-day activities. We believe a diversity of thought achieves better outcomes for our clients. We want everyone at BW to feel able to bring their whole self to work from day one.

We collect and analyse data about the diversity of our employees and candidates. We have previously run a DEI data engagement campaign with colleagues, to maximise the volume and quality of data collected. Gathering accurate and comprehensive data on the diversity of our workforce, is a key part of our DEI strategy. This, along with retaining key equity measures and understanding employee experiences, guides our strategy; identifying patterns and insights to help us to allocate resources and prioritise initiatives.

In our business

Our DEI steering group reports directly to our MB. The steering group has a focus on improving inclusion and bringing greater diversity to the business. Our initiatives include:

- Increasing engagement with our colleagues and thinking about different perspectives through events, discussions and on our internal social networking platform.
- Offering a wide range of career paths and opportunities. This includes apprenticeships, graduate programmes, T-levels and summer internships across our key business areas as we strive to recruit the best talent from a diverse range of backgrounds, industries and education. We know that recruiting talented people who share our mindsets and behaviours will enhance the service we provide to our clients.
- Collecting more information about the diversity of our colleagues and candidates. Understanding more about our talent pool and our workforce is vital for us to be able to attract and retain a diverse range of talent.
- Guiding and training those involved with interviewing (including recruitment and interview best practice and unconscious bias training) to promote a consistent and fair selection process is carried out.
- Continuing our Gender Action Plan, having key focus areas to understand and address any potential gendered structural and cultural inequality in our workplace.
- Continuously looking for ways to improve how we approach DEI in our business such as inclusive recruitment processes, people managers focused training and spotlighted awareness campaigns throughout the year.
- Growing our DEI networks to create spaces for colleagues to share, support and develop, as well as build an inclusive and diverse work environment. Our six DEI networks, each led by a non-partner and supported by a partner, help raise awareness, organise educational initiatives, and host interactive events. By collaborating, these networks work together to build an inclusive and diverse place for us all to work:

Early Careers Network – supports graduate roles, summer internships, apprenticeships and work experience placements, helping those at the beginning of their careers to build confidence, knowledge and input as they develop.

Pride Network – raises awareness, shares experiences and works together to provide a safe, open work environment where everyone can thrive and be their best, authentic self regardless of gender or sexual orientation.

Gender Equality Network – promotes and champions awareness of, and engagement in gender equality to promote the equal representation of all genders which have equal value and should be given equal opportunity. Our work in this area has been recognised by the Women in Pensions Awards.

Inter-faith Network – promotes tolerance and understanding that real inclusion is wanting the best for each other, and encouraging each other to thrive, even though our backgrounds and beliefs may be different.

Multicultural Network – respecting and celebrating the differences among our people and promoting and championing the many different cultures within BW and beyond.

Well@Work Network – improving wellness and related areas, from mental health, neurodiversity, disability and financial wellbeing to accessibility and inclusion.

We provide ongoing and regular internal training and awareness raising on key DEI issues, led by our internal DEI networks.

In our thinking

We provide support for clients in analysing their gender pensions gap, helping them to understand their current position and explore future strategies.

This service, developed in response to growing client demand in this area and closely aligned with our areas of expertise and skillset, offers a structured approach to examining factors influencing their gender pensions gap. Our goal is to help clients consider actions that contribute to a more inclusive and equitable pensions framework within their organisation, if this is a priority for them.

In our partnerships and collaboration

We also look to advance DEI through collaboration, joining with others in our industry and challenging ourselves and others to go further, faster. Highlights include:

- Working with 10,000 Interns to transform horizons and prospects of young black people by providing paid internships, across 25+ sectors, whilst providing training mentorship.
- Organising events and discussions across the industry through our membership and colleagues who are co-organisers of the pensions industry LGBTQ+ network group, O:pen, an inclusive organisation for professionals working in pensions who believe in the importance of promoting and celebrating LGBTQ+ diversity and inclusion within the industry. We have also partnered with LGBT Great to provide insights, visibility and outreach solutions for the financial and professional services community.
- Through our membership of the Diversity Project, where we collaborate with other firms, share experiences and commit to developing an inclusive culture. We hold representation on the Diversity Project's Advisory Board, Steering Group and various workstreams.
- Our support for the Asset Owner's Diversity Charter and the Women in Finance Charter commits us to help build an investment industry which represents a more balanced and fair representation of diverse societies. It enables us to identify diversity and inclusion best practices through our asset manager selection, asset manager monitoring, and leading and collaborating with others in the industry.
- Our partnership with GAIN ('Girls Are INvestors'), a charity set up by investment professionals to improve gender diversity in investment management by creating opportunities for female and non-binary young people to enter the investment industry.
- We are a Disability Confident Employer, a UK Government scheme that supports organisations to recruit and retain talent regardless of accessibility needs. In 2025, our Level 2 accreditation was reconfirmed, reflecting our ongoing commitment to improving employment practices.)
- Working with UpReach, we support students from less advantaged backgrounds by providing them with the skills, networks, and experiences needed to secure professional roles.

We aim to hold several events annually with partners to encourage diversity in our applications to our graduate and apprentice programme.

Collaboration

Sustainability and social investment

Our work on DEI links into our wider sustainability strategic priority as a firm, where we look to make a positive impact on communities, the environment and wider society. We connect with charities and local community initiatives to identify where our donated time can best help to improve the lives of others and the environment.

In recognition of the valuable contribution employees make through their volunteering, BW provides each employee with the opportunity to take one working day per year to volunteer for a cause of their choice. More information on the impact we have made in giving back to the communities we serve can be found in the Activities and Outcomes part of our report.

We produce and publish an annual impact report, showcasing the environmental and social impact we make year-on-year. The report offers a transparent overview of our impact activities, outcomes, and lessons learned.

We also remain committed to reducing our (pre-offset) carbon footprint and all of our international offsetting projects are verified by the Verified Carbon Standard (VCS) or Gold Standard.

Investment in systems, processes, research and analysis

Systems Development Team

Another of the key operational sub-teams is our Systems Development Team. They are responsible for developing our risk modelling tools as well as our internal systems for performance monitoring of client investments. By developing these systems in-house, we have full control and flexibility to adapt and tailor them to our client needs.

Lighthouse: Real-time investment monitoring

Lighthouse is our online investment monitoring service that replaces standard quarterly reporting with real-time oversight, giving clients faster, clearer insight to support quicker decisions and better risk management. It tracks key client metrics and provides up-to-date information on assets, funding, performance, manager ratings, including sustainability ratings, liquidity, Liability Driven Investment (LDI) and collateral. Powered by regular data feeds from asset managers, markets and our research team, Lighthouse enables more proactive, timely investment advice. There is a designated Lighthouse team who continually develop the tool based on clients' needs and feedback.

Sustainability and stewardship reporting

We have also developed template sustainability reporting structures for reporting on asset managers' sustainability activity, including a separate report on stewardship activity, which bring together the key metrics available from asset managers. This allows clients to make effective decisions on their asset managers with respect to management of sustainability and practice of active stewardship.

Our process for preparing these reports, and for preparing regulatory disclosures like implementation statements, is standardised at the data collection and analysis stage. This stage is undertaken by the research team to make this as cost-efficient as possible for clients, and then allows the individual client teams to add value specific to client needs when the report is finalised, so that all clients get tailored advice. Our approach to monitoring sustainability and stewardship continues to evolve as the information available improves, and the needs of clients evolves.

Investment Consulting Artificial Intelligence (AI) Community

As part of our ongoing commitment to innovation and continuous improvement, we have an Investment Consulting Artificial Intelligence (AI) Community that brings colleagues together to explore practical AI applications in our work. The community shares tools, tips and case studies, discusses best practices and challenges, and looks for ways to improve efficiency and drive innovation. By creating a collaborative space for knowledge-sharing, we aim to embed AI into our culture in a way that supports our people and clients, helping us stay at the forefront of delivering smart, sustainable solutions in a rapidly evolving landscape.

C - Policies, processes and review

Identifying and responding to market-wide and systemic risk

In our role as consultants, we work with a wide range of employers, asset owners, asset managers and fiduciary managers. Through this exposure to a wide cross-section of the financial sector, our research, analysis and monitoring enable us to access and understand information on system-wide risks. By considering this information holistically, we see systemic risks like climate change, biodiversity destruction and inequality as interconnected. We consider these to be risks to the markets that can deliver investors good outcomes if appropriately allowed for.

Market-wide risks are those that lead to financial loss or affect overall performance of the entire market and include but are not limited to:

- Changes in interest rates and / or inflation;
- Geopolitical issues;
- Changes in legislation regulation;
- Changes in demographics / society;
- Changes in sentiment / opinion / processes; and
- Currency rates.

Systemic risks are those that may cause the collapse of an industry, financial market or economy. We identify market-wide and systemic risks through both formal and informal approaches:

- Our research teams conduct a large number of meetings with asset managers. These meetings cover both specific aspects of the management of their funds, but also market-wide issues, so that we can identify themes that continue to be raised, or novel ideas which may grow into more significant issues.
- As a base, we ask all asset managers a consistent set of questions on their approach to stewardship, and then undertake specific questioning as part of our research meetings. We ask managers about their own development plans, priority themes and what they are seeing in the industry, allowing us to anticipate changing sentiment and developing approaches. This allows us to be proactive and well positioned for arising risks and opportunities. We also review the standard questions we ask managers annually to make sure they remain fit for purpose.
- We also have a market outlook team responsible for carrying out our economic outlook research and our investment research team undertake research on individual asset classes. The overall agenda for the research teams is set by our Research Team Leaders (who represent various expert areas of the research team), so that we have a robust strategy to the way that we deploy our resource. Our research is disseminated to the team through a weekly email, as well as regular virtual updates.
- By engaging with industry bodies and participating in consultations issued by regulatory bodies, we maintain awareness of emerging risks and help shape the way that our clients respond.
- We promote a “free-thinking” culture within the team so that consultants and trainees are able to spend time reading and attending seminars/webinars so that they can generate ideas or challenge our central research output. We also encourage team members to bring ideas generated through discussions and challenges from clients.

We work with our clients in numerous ways to help them monitor, manage and mitigate market-wide and systemic risks. This includes:

- Our research is disseminated to clients through public research papers, current issue documents, seminars and webinars throughout the year. We consider not only the downside risks associated with systematic risk, but also the potential for clients to capture upside opportunity (e.g. whilst climate change is a systemic risk, investment opportunities are expected through adaption and mitigation).
- We consider such risks and opportunities when advising clients on investment strategy. For example, where our clients invest in passive equity we will advise on the appropriate geographical split of passive equity portfolios. Furthermore, we have scenario analysis built into our modelling tools (including considering a portfolio’s resilience under various scenarios (including past economic events and potential future climate scenarios)). Whilst each client is unique, a common theme will be incorporating a level of diversification and / or protection in a client’s portfolio to help reduce exposure to such risks.

- We help clients consider their risks and opportunities holistically. For example, we are able to provide clients with our proprietary climate analysis framework as part of their investment strategy reviews to enable them to allow for climate risk in decision-making, alongside traditional metrics such as risk and return.
- We assist clients in monitoring such risks and opportunities on an ongoing basis through our reporting and monitoring tools, and have regular meetings with clients to discuss potential outcomes.
- When considering the structure and resource of the investment research team (as described in the governance section of this report), consideration is made to positioning the team to best service clients. This includes supporting consultants through:
  - Communications such as dedicated research team and SIT email addresses for internal queries;
  - Periodic meetings, including SIT sessions as part of quarterly office team meetings, quarterly market outlook calls and quarterly research webinars;
  - Dedicated expert groups within our investment research team; and
  - Research experts attending client meetings.

The outcome of these activities includes increased knowledge and awareness of these market and systemic risks, and the options available to investors to monitor, manage and mitigate such risks.

Our role in industry collaborations and engagement

ICSWG

We are members of the ICSWG collaborating with other firms to improve sustainability and stewardship across the investment industry. BW are represented on the Steering Committee and play an active role in the group's activities and workstreams.

Investors for Purpose (previously Pensions for Purpose)

BW are also members of Investors for Purpose, a collaborative initiative of asset managers, asset owners, social enterprises and others providing thought leadership on impact investment. We attend and speak at roundtables and participate in research and discussions.

Impact Investing Principles for Pensions

We have signed up to the Impact Investing Principles for Pensions for Investment Consultants. We routinely include impact as a topic for consideration, and support clients to review, set targets for and monitor the impact of their investments.

Principles for Responsible Investment

We are members of the Principles for Responsible Investment (PRI) and participate in roundtables and discussions, input into policy stewardship through consultation responses and development, as well as attend learning and development sessions run by the PRI.

Accounting for Sustainability (A4S) Sustainability Principles for the Bulk Annuity Charter

We are also a signatory to the Accounting for Sustainability (A4S) Sustainability Principles for the Bulk Annuity Charter. The aim of the charter is to align expectations around sustainability within the bulk annuity process. We are involved in a working party focused on the design and ongoing update of an industry standard questionnaire that consultants are able to send to insurers to help with the assessment of an insurer's integration of sustainability within their processes.

Net Zero Investment Consultants Initiative (NZICI)

We are members of the Net Zero Investment Consultants Initiative (NZICI) set up by Glasgow Financial Alliance for Net Zero (GFANZ). NZICI is an industry-led alliance which commits to supporting the goal of global net zero greenhouse gas emissions by 2050 or sooner, in alignment with the objectives in the Paris Agreement. BW are represented on the Steering Committee and play an active role in the initiative's activities and workstreams.

Other memberships

As a firm, we are active members of the Society of Pension Professionals (SPP), with several of our people involved in committees. We are also involved with the Association of Investment Management Sales Executives (AIMSE), working to support the inclusion of sustainability and stewardship topics on the agenda of their conferences, roundtable and academy sessions, providing speakers and other input to events (an example being a roundtable on biodiversity and natural capital).

BW employees have also been members of a number of IFoA boards and working parties, including the Climate Justice working party and the Life Actuaries Climate Change working party, working with others across the actuarial and investment professions to engage and consult with regulators. This includes, but is not limited to, engagements with organisations such as the Financial Conduct Authority (FCA), the Financial Reporting Council (FRC), the Pensions Regulator (tPR), the Department for Work and Pensions (DWP), the Department for Energy Security and Net Zero (DESNZ), the Ministry of Housing, Communities and Local Government (MHCLG), the Government Actuary's Department (GAD) and the Prudential Regulation Authority (PRA) on various issues.

Support clients' stewardship and investment

Investment consulting

At time of writing (December 2025), our investment consultancy client base comprised:

- over 540 clients;
- c.£100bn assets under advice; and
- clients ranging in size from under £1m to multi-billions of pounds.

How our services support clients

Assessing and monitoring asset managers' sustainability and stewardship credentials

Our Aims, Beliefs and Constraints (ABCs) framework (see page 18) is where we help investors identify their specific sustainability considerations and develop their own sustainability and stewardship policies. We undertake this process when considering how best to support new and existing clients to identify their investment beliefs and support strategy formulation and manager selection.

When setting strategy, we take into account a number of sustainability considerations, including the sustainable risks and opportunities within the asset class. This is considered at both an asset class and a portfolio level (considering the interactions between asset classes), assisting clients to implement the strategy through asset manager selection.

We assess asset managers from a sustainability and stewardship perspective across the three sub-ratings below (as well as on their climate risk and opportunity and impact credentials):

- Sustainable Investment Research – how deeply managers research macro issues and their underlying investments.
- Sustainable Investment Integration – how well the investment process captures relevant risks and opportunities.
- Stewardship – the use of actions (including, but not limited to, voting rights and engagement opportunities) to create long term value through mitigating risks and capturing opportunities.

The overall rating and underlying sub-ratings are:

High Conviction	Acceptable	Low Conviction

We assess and rate the sustainability approach and present our clients with one final rating, along with sub-ratings for each of the three elements so that clients have full transparency on the asset manager's performance.

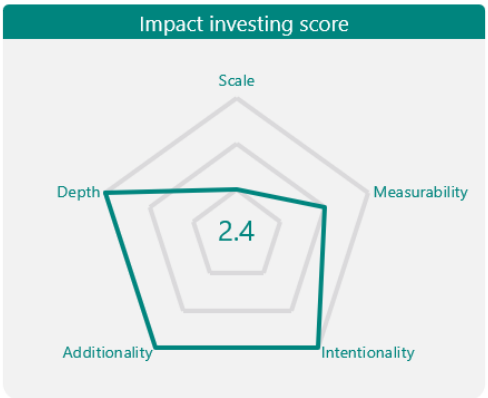
This rating is the outcome of the evidence provided by the managers (through questionnaires and face to face meetings) and a qualitative discussion by members of the Manager Research Team (including SIT representation) where sustainability is discussed in the context of the fund. The weighting of each of the three areas above will differ depending on the asset type and fund.

Our ratings directly influence our clients. For example, where we rate a manager as low conviction on sustainability, we would not expect to shortlist them in advice to clients. In order to raise industry standards, we have provided feedback to asset managers on areas of our assessment where they have scored poorly, and also engage with managers in respect of data quality and also specific client concerns or requirements. We also engage with managers on their stewardship activities and reporting, to encourage greater transparency and data quality. Through these discussions, we have assisted them in incorporating sustainability best practices into their "standard" funds, (as well as launching new funds, where appropriate).

In addition, we consider climate risk through the use of our proprietary 'climate risk indicator' (CRI) score and 'climate opportunities' (CO) score that is specific to each fund and can be communicated to clients to better illustrate climate risks and opportunities. An example of using our 'CRI' and 'CO' scores as part of our 'climate one-pagers' can be found on page 20.

Impact is also a consideration in the advice we provide to clients. Our proprietary impact score uses a mixture of quantitative and qualitative analysis, which helps investors assess impact opportunities. Impact means different things to different people. As such, our score is splits out into five areas, allowing clients to consider the specific impact characteristic relevant to what they are trying to achieve.

Figure 4: Impact Investing Score



We also ask asset managers about their funds' impact credentials as well as exposure to certain areas (such as exposure to United Nations' Sustainable Development Goals (SDGs), green revenues and green bonds, social bonds, sustainability bonds and sustainability-linked bonds).

Sustainable Research

Our sustainable research (undertaken by the SIT) helps keep our outputs relevant and closely aligned with the evolving needs of our clients. We undertake research across a range of emerging sustainability themes, including Planetary Boundaries, DEI, and sustainability in bulk annuities. We prioritise our research agenda through a structured process that aligns with our business plan, responds to client priorities, and anticipates future trends. By focusing on current sustainability issues, our work remains relevant, forward-looking, and action-oriented.

Integrate sustainability into investment advice

The investment consulting team has internal processes in place so that client teams must always consider issues such as net zero alignment when drafting investment advice for clients. This includes checklists for teams to confirm that, for example, net zero alignment has been a consideration prior to advice being issued.

We do not have house views when recommending solutions to clients. Instead, our approach is to recommend the approach most suited to their needs. As such, each consultant takes a holistic view when considering the incorporation of stewardship considerations with their clients. We encourage client teams to utilise internal resource created by our research team when helping clients with such issues.

To support client teams, the SIT researches how sustainability matters can be integrated into various asset classes. One example is public equities, with a particular focus on existing benchmarks such as the climate transition benchmarks, and the Paris Aligned benchmarks introduced in the EU, and wider market approaches. The team provide client friendly material for client teams to use when discussing sustainability issues, such as net zero alignment.,

When providing investment advice to clients, we consider our clients' "ABCs" (see Figure 5), including those specific to sustainability targets. Advice on a client's strategy and asset managers will integrate these considerations to create a portfolio that aligns with the client's sustainability objectives, including climate and net zero objectives.

Once ABCs are defined, we can allow for the integration of their policy into their investment portfolio. This framework helps investors understand how different elements of their strategy interact, and whether their investments complement or conflict with their objectives, including sustainable, stewardship, climate and impact objectives.

The output is then used to create a sustainable investing policy, which provides a clear framework against which investment decisions can be tested and monitored. This also helps to improve efficiency of decision making.

Figure 5: Investment ABCs

Aims

- What are you ultimately seeking to achieve?
- What shorter-term goals are there along the way?

Beliefs

- What beliefs drive your decision making?
- What is your attitude to risk?
- Do you believe in active management?

Constraints

- What is your long-term objective?
- When do you want to get there?
- What levels of contribution/funding levels are acceptable?
- What investment return is needed?

We recognise that clients' understandings of the complexities of sustainability can vary. Therefore, we start with training on what sustainability means in practice from a client's perspective, as well as a broad outline of the steps needed to achieve sustainability objectives.

The success of using the ABC approach has led us to develop another similar simple 'ABC' approach to act as an agenda when discussing sustainability integration more generally, and net zero specifically. Here our focus is on three elements:

1. Aim to do no harm – What steps are being taken to measure and reduce emissions? What transition pathways are suitable and how are the assets aligned with these? What engagement is being undertaken and how is its success being measured?
2. Benefit from the opportunity – How can the portfolio be aligned to capitalise on the transition to a low carbon economy?
3. Control the controllable – Support a governance structure that recognises the changing landscape that we live in from an investment opportunity and product perspective, as well as the regulatory landscape.

The combination of these three is key to achieving successful net zero commitment.

A number of our defined benefit (DB) pension scheme clients are now close to being able to secure their benefits with an insurance company. We speak to clients about the sustainability credentials of insurers and their ability to manage risks such as climate change risks as part of the selection exercise prior to risk transfer. This is an increasing area of consideration for clients. As such, we carry out an enhanced due diligence on the insurance market to enable us to provide sustainability ratings, similar to that provided to clients for appointed and prospective asset managers. Our review considers insurers against their peers as well as against reporting expectations across three ratings: Ahead, On Par and Behind (Figure 6 provides more detail about the definition of each rating). One aspect of our review was each insurer's commitment to specific sustainability topics, such as net zero. This included considering the credibility of such commitments by considering the availability of transition plans and the communication of progress made to date.

Figure 6: Insurer Sustainability Ratings Definitions

Ahead	The insurer is a market leader in this space. They are taking appropriate steps to integrate sustainability issues that could affect the performance of the investments into their process and are therefore most likely to capture any benefit to performance or mitigation to risk that sustainability awareness brings.
On Par	The insurer is on par with most others in this space. We feel the insurer is appropriately taking into account material sustainability issues that could affect the performance of the investments and may be able to capture any benefit into performance or mitigation to risk that sustainability awareness brings.
Behind	The insurer is a laggard in this space. The insurer's approach to sustainability is either inadequate or inferior to the average insurer. They are unlikely to be able to capture any performance benefit that sustainability awareness brings, and their performance may even suffer as a result.

We assist clients when choosing investments, funds and insurers to best align with their objectives and have engaged with asset managers with regards to creating products and services to align to clients' needs. Our success in this area can be measured in the fact that clients of ours have been seed investors and early adopters of climate management solutions, such as Paris Aligned funds and social housing funds, with leading UK and global investment houses.

Support clients developing policies on sustainability

We work with clients to assist them in developing an effective system of governance including sustainability and climate policies. These policies set out a client's aims, beliefs and constraints, as well as recognising their risks and opportunities with regards to sustainability and climate matters. Furthermore, we have helped clients develop stewardship policies that include stewardship activities around climate change. We have helped clients to review their existing policies to see that they remain fit for purpose. In some instances, clients have looked to incorporate wider themes such as biodiversity loss and ethical considerations, and the steps the client is taking to address this in their investment portfolio. This reflects the growing trend for investors to take a more holistic approach to sustainability, recognising the interlinkage between sustainability-related factors such as climate change, biodiversity loss and social issues.

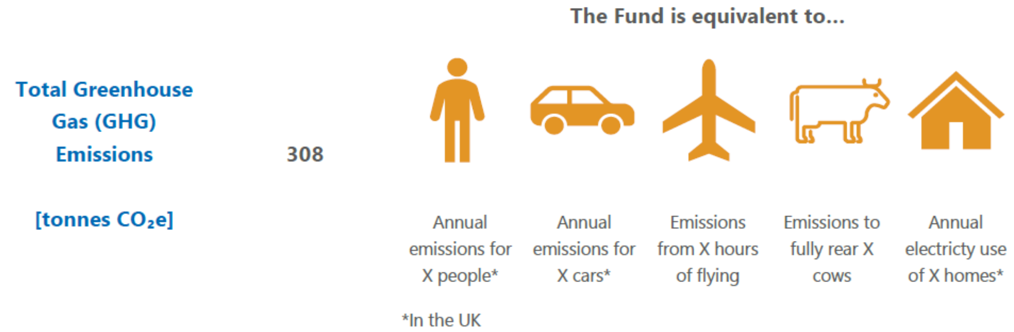
We assist clients in understanding the importance of carbon emissions financed by their investment portfolio, what a net zero policy could mean in practice and the development and implementation of such a policy. When setting policies, we consider the client's wider objectives, their governance budgets and what is practical and feasible for the client.

Support clients to review environmental, social and governance impact

We provide clients with support to review the impacts of climate change in particular in our standard Sustainability Monitoring report, setting out carbon metrics including total greenhouse gas (GHG) emissions and carbon footprint, data quality metrics and voting and engagement metrics, shown in Figure 7. Furthermore, we provide real-world measures and engagements case studies to help investors understand the impact of their portfolio. We also include climate risk indicator (CRI) scores to help investors focus on the assets with the greatest impact on climate change. Whilst scores by asset class are helpful, we consider it important that a client has a consistent investment and stewardship approach to any area of sustainability that they wish to focus on. For example, if a client invests to create impact, then engagement and voting should also be consistent with such aims.

On an annual basis, we make changes and efficiencies to our reporting and research processes. In addition, we offer a streamlined Sustainability Monitoring report to support clients that are governance constrained, to help inform their decision making in relation to sustainability-related risks and opportunities.

Figure 7: Visualising carbon emissions

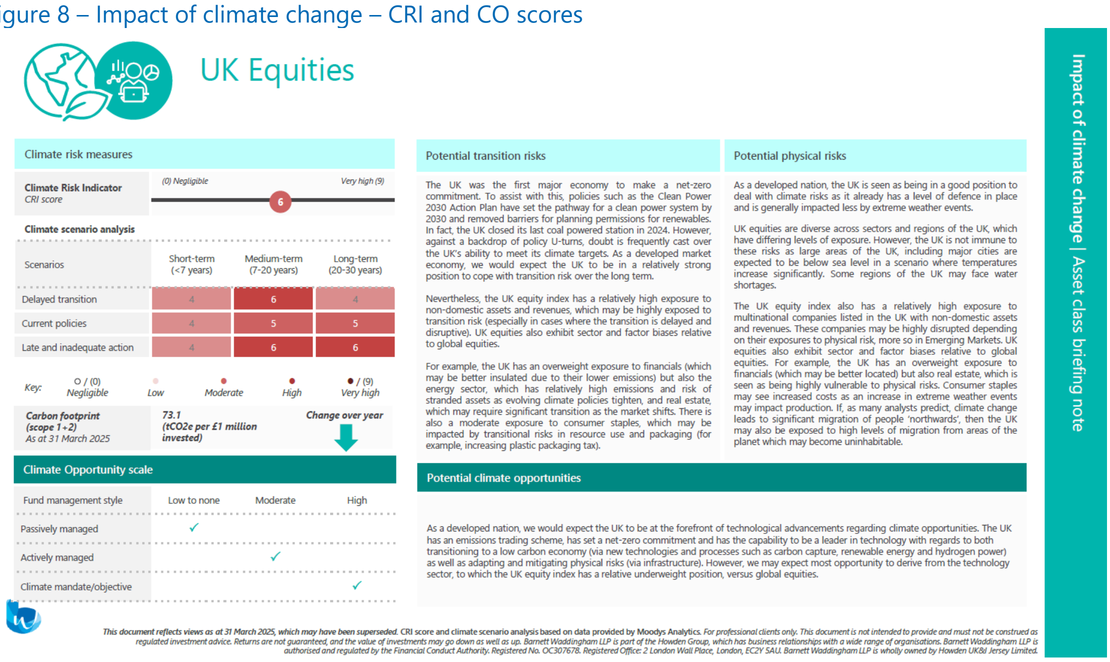


Our Manager Research Team, together with our SIT, review each of our clients' fund managers on their Sustainable Investment credentials.

When we provide sustainability monitoring reports to clients, our standard is to do this annually. We believe that an annual report provides the right balance between having up to date information without being overly spurious. We have also found the vast majority of asset managers update their data and produce their sustainability reports annually. A client is able to receive reports more frequently if they wish.

We periodically update our 'climate one-pagers' that reflect our research on the impacts of climate change on various asset classes. These one-pagers also consider various different qualitative scenarios, and their narratives, and we have coupled these with our 'CRI' and 'CO' scores to help provide clients with a clearer understanding of how climate change may impact them. An example is set out below.

Figure 8 – Impact of climate change – CRI and CO scores



UK Equities

Impact of climate change | Asset class briefing note

Climate risk measures

Climate Risk Indicator *CRI score* — *(0) Negligible* … *Very high (9)*: 6

Climate scenario analysis

Scenarios	Short-term (<7 years)	Medium-term (7-20 years)	Long-term (20-30 years)
Delayed transition	4	6	4
Current policies	4	5	5
Late and inadequate action	4	6	6

Key: ○ / (0) *Negligible* · *Low* · *Moderate* · *High* · ● / (9) *Very high*

Carbon footprint (scope 1+2) *As at 31 March 2025*: ***73.1 (tCO2e per £1 million invested)*** — ***Change over year***

Climate Opportunity scale

Fund management style	Low to none	Moderate	High
Passively managed	✓		
Actively managed		✓	
Climate mandate/objective			✓

Potential transition risks

The UK was the first major economy to make a net-zero commitment. To assist with this, policies such as the Clean Power 2030 Action Plan have set the pathway for a clean power system by 2030 and removed barriers for planning permissions for renewables. In fact, the UK closed its last coal powered station in 2024. However, against a backdrop of policy U-turns, doubt is frequently cast over the UK's ability to meet its climate targets. As a developed market economy, we would expect the UK to be in a relatively strong position to cope with transition risk over the long term.

Nevertheless, the UK equity index has a relatively high exposure to non-domestic assets and revenues, which may be highly exposed to transition risk (especially in cases where the transition is delayed and disruptive). UK equities also exhibit sector and factor biases relative to global equities.

For example, the UK has an overweight exposure to financials (which may be better insulated due to their lower emissions) but also the energy sector, which has relatively high emissions and risk of stranded assets as evolving climate policies tighten, and real estate, which may require significant transition as the market shifts. There is also a moderate exposure to consumer staples, which may be impacted by transitional risks in resource use and packaging (for example, increasing plastic packaging tax).

Potential physical risks

As a developed nation, the UK is seen as being in a good position to deal with climate risks as it already has a level of defence in place and is generally impacted less by extreme weather events.

UK equities are diverse across sectors and regions of the UK, which have differing levels of exposure. However, the UK is not immune to these risks as large areas of the UK, including major cities are expected to be below sea level in a scenario where temperatures increase significantly. Some regions of the UK may face water shortages.

The UK equity index also has a relatively high exposure to multinational companies listed in the UK with non-domestic assets and revenues. These companies may be highly disrupted depending on their exposures to physical risk, more so in Emerging Markets. UK equities also exhibit sector and factor biases relative to global equities. For example, the UK has an overweight exposure to financials (which may be better located) but also real estate, which is seen as being highly vulnerable to physical risks. Consumer staples may see increased costs as an increase in extreme weather events may impact production. If, as many analysts predict, climate change leads to significant migration of people 'northwards', then the UK may also be exposed to high levels of migration from areas of the planet which may become uninhabitable.

Potential climate opportunities

As a developed nation, we would expect the UK to be at the forefront of technological advancements regarding climate opportunities. The UK has an emissions trading scheme, has set a net-zero commitment and has the capability to be a leader in technology with regards to both transitioning to a low carbon economy (via new technologies and processes such as carbon capture, renewable energy and hydrogen power) as well as adapting and mitigating physical risks (via infrastructure). However, we may expect most opportunity to derive from the technology sector, to which the UK equity index has a relative underweight position, versus global equities.

This document reflects views as at 31 March 2025, which may have been superseded. CRI score and climate scenario analysis based on data provided by Moodys Analytics. *For professional clients only. This document is not intended to provide and must not be construed as regulated investment advice. Returns are not guaranteed, and the value of investments may go down as well as up. Barnett Waddingham LLP is part of the Howden Group, which has business relationships with a wide range of organisations. Barnett Waddingham LLP is authorised and regulated by the Financial Conduct Authority. Registered No. OC307678. Registered Office: 2 London Wall Place, London, EC2Y 5AU. Barnett Waddingham LLP is wholly owned by Howden UK&I Jersey Limited.*

There continues to be significant discussion around nature and biodiversity within the industry. We engage with clients and industry wide groups, and centres of influence to contribute to better industry understanding of the implications of this and how it can be included in clients' portfolios. This included presenting at events (such as a SPS Conference and Mallowstreet events), attending roundtables, and other seminars, hosting events and meeting with numerous asset managers in this space, as well as providing training to clients.

These activities focus on the risks and opportunities linked to nature, how these interact with other risks and opportunities (such as climate change) and developments in the market (such as the Taskforce for Nature-related Financial Disclosures (TNFD)) and the emergence of new solutions. A particular focus for us has been the interaction between nature, climate change and the social consequences. There has also been a growing focus on social investment within the charity and endowment space, and we are actively developing our approach to reflect this shift and the opportunities it presents.

Supporting clients to set objectives and targets

We provide clients with training and wider support to consider impact within their strategies. In particular, we provide clients with sustainability training sessions that include impact topics as standard and within our standard Sustainability Monitoring report.

We also assist clients with completing their climate governance and disclosure (including TCFD) reports. This includes:

1. Climate governance – helping clients set and document robust climate governance.
2. Climate risk management – helping clients set and document robust climate risk management.
3. Climate strategy – climate scenario analysis. This provides clients with climate risk impact and climate opportunity scores, as well as climate scenario analysis.
4. Climate metrics and targets – reporting of emissions data and setting targets against these metrics.

This framework allows investors to consider the impact of climate change on their investments (including their portfolio's resilience) as well as the impact of their investments on climate change.

Supporting clients to set net zero objectives and targets

We work with clients to develop sustainability policies which may include net-zero targets. A common example is to target zero emissions by 2050 (or sooner) and a 50% reduction by 2030 (as per the methodology of the main initiatives). We provide clients with data to allow them to track their progress against their objectives.

As detailed on page 18, we do not have house views when advising clients. Rather, we tailor our recommendations to align with each client's unique needs and objectives. This remains the case when consulting on net zero. By following this approach, our commitment to targeting the reduction in emissions and ability to provide clients with information on the most appropriate decarbonisation methodologies is done with the client's aims, beliefs and constraints in mind. Furthermore, with the passage of time, these same criteria (the client's aims, beliefs and constraints) act as a backstop for assessing the ongoing suitability of any methodology adopted.

Engagement with industry

We regularly engage with regulators and policymakers, and participate in consultations issued by regulatory bodies, helping both to maintain awareness of emerging risks and help shape the way that our clients respond, and seek to influence emerging policy and regulation to support sustainable investment. We do this through one-to-one discussions, participation in roundtables, and responding to consultations both as BW and also as part of collaborative groups (more information on the groups we are part of can be found on pages 15-16). Through our interactions with regulators, policy makers and other stakeholders we continue to highlight the need for all investors, not just the larger ones, to be able to achieve sustainability goals.

Seeking client views and feedback

We take the views and feedback from our clients seriously. At a specific client level, we seek feedback as part of our regular meetings and engagements with clients. This is typically undertaken by the partner responsible for our services. We have also embraced the requirement for pension scheme clients to set and review strategic objectives to undertake a review of our services at least annually. We encourage clients to include an evaluation of sustainability and stewardship as part of this assessment by suggesting that they are incorporated into our objectives.

We also have a programme of independent partner reviews for some clients whereby a partner otherwise unconnected with the day-to-day delivery of services meets with the client to hear views on our service. Such exercises provide useful feedback on the quality of service provided by our teams. These are normally conducted every two years.

At a wider level, we commission Investor in Customers to undertake a client satisfaction survey on our behalf every two years. This covers the proactivity, clarity and professionalism of our advice.

Investor in Customers

Investor in Customers (IIC) independently assesses companies based on feedback from clients, staff, managers, and IIC's own perceptions. We consider the framework as a recognised benchmark demonstrating customer satisfaction. Firms are assessed on a number of measures to independently verify their customer-centric approach. The feedback from these surveys is reviewed by the partners, and used to develop our proposition, and to identify any areas for improvement at an aggregate or individual client level.

Investor in Customers® Gold 2025

At the time of writing, we had achieved the highest level 'Gold Award' for a fifth successive time for our consultancy and pension administration services.

Communicating stewardship with clients

We provide clients with regular research notes and blogs on a range of investment topics. These include sustainability, climate change and stewardship. This is done via various avenues, including a quarterly 'current issues' paper for clients, email communications on public research (where clients have opted in) and uploads to our website and social media. Where research is of particular interest to specific clients, we will supplement the briefing note with specific commentary on how the topic is relevant to that client's circumstances. We regularly provide information to our clients on new regulatory developments.

We meet face-to-face (whether in person or by video call) with most of our clients on a quarterly basis, and this forms the foundation of our client engagement. In addition, written reports, blogs, webinars and conferences allow us to keep in contact between planned meetings.

As mentioned earlier in this report, we also monitor asset managers and provide investors with an easy to interpret dashboard of what their asset managers are doing well in terms of sustainability and stewardship. This helps our clients make more informed investment decisions that align with their values and long-term objectives.

On publication of each list of signatories to the UK Stewardship Code by the FRC, we identify non-signatory managers with whom we have clients invested and look to understand this outcome. We request these managers explain their signatory status and give us more details on their application if applicable, and their plans if they had not been successful in their application. We then share the information with our clients through our sustainable monitoring reports. We have also engaged with managers to confirm their future expectations around signatory status and any changes that occur over time. We were pleased to see that a number of managers that we had been engaging with regarding their signatory status (or lack of) over a number of years have since become signatories.

We have seen some high-profile exits by asset managers from other initiatives over recent years (for example Climate Action 100+ and Net Zero Asset Managers (NZAM) Initiative). In such instances, we have sought to understand the rationale and to consider what impact, if any, this may have on stewardship by the manager, as well as wider implications on strategy construction, and their climate actions and commitments. We monitor these issues through our periodic communications, ratings and monitoring of managers, and communicate any concerns we have with our clients and encourage engagement by the client with appointed asset managers, where appropriate. We also help our clients to understand the significant votes and engagement undertaken on their behalf as part of helping to prepare Implementation Statements, helping clients identify which issues are important to them, taking account of stewardship priorities, where relevant.

Effectiveness in understanding needs and communicating with clients

We have seen continued new client wins in our investment consulting practice (and wider firm) over the last few years. This comes from referrals from our existing clients, which demonstrates that our approach to looking after our clients is working. Ultimately, this success is driven by us continuing to deliver to clients. We consider we have the right approach, with a variety of ways of gathering client feedback and assessing our approach and delivery.

Feedback from both individual clients and wider client surveys is key to the partners when considering how we develop the business, and identifying where client needs and consulting training can be enhanced. There are several forums available within the team to promote this, but the primary body responsible for delivery of our services to clients is our Investment Consulting Proposition Forum. The forum meets frequently throughout the year, bringing together the leaders in each of our proposition areas.

This forum drives forwards changes to our offering for clients – this has included the development of a streamlined investment consulting service which helps to bring our best thinking to clients with lower governance budgets in an efficient fashion, reflecting feedback we'd received from new business tenders. Within these services, the core portfolio design reflects our views on sustainability, and all of the funds that we put forward are either rated high conviction or acceptable, helping to bring good stewardship to clients which might otherwise have struggled to take such strong action.

Review and assure

Our policies and processes

BW review and update our policies on an annual basis to help maintain compliance with regulatory requirements and market standards. Our policies and processes provide the foundation for our stewardship approach. They guide how we engage with asset managers and how we assess the integration of sustainable considerations across our investment practices. These frameworks help our stewardship activities to remain consistent, transparent, and aligned with our broader values and client commitments.

We have over 100 policies, internal and external, which shape our stewardship practices. Some of our public policies include:

- Anti-Bribery Policy;
- Business Management System Policy;
- Code of Ethics;
- Conflicts of Interest Policy (see next section);
- Financial Crime policy; and
- Supplier Code of Conduct

Policies that are public can be found on our website.

Policies are also being created and updated to reflect evolving areas. For example, a "Use of AI Tools Policy" has been created to reflect the growing use of AI within the workplace.

All staff are provided with training on relevant policies on an annual basis through completing mandatory training modules as well as communications as part of the quarterly newsletters.

Assurances

Although the SIT leads the development of changes to support client stewardship and sustainable investment, the SIT take feedback from across all of our consultants when rolling out new developments to clients, so that improvements can continue to be made. In particular, our Proposition Forum, which is an internal group responsible for ensuring we deliver quality services to clients, considers the effectiveness of the work that we do for clients, including in respect of stewardship and sustainable investment.

We periodically review policies across our business, including our approach to sustainability and stewardship, data collection, asset manager research and ratings on sustainability and stewardship, ensuring our approach reflects good practice for our industry and looking to continuously improve our services to clients. This is mostly done on an annual basis and / or when a review is warranted due to, for example, a change in market conditions, new information, etc. Through our horizon scanning, we aim to proactively review policies for anticipated market developments, ensuring our activities are robust and deliver optimal outcomes for our clients.

Specific to the creation of this report, we gathered feedback from relevant stakeholders to ensure that our report is fit for its purpose of reporting against our membership to the UK Stewardship Code and also is a useful document for stakeholders. No independent assurance has been sought on the information contained within this report, in line with our understanding of the common industry approach at the current time.

We also assist clients with their own assurance processes, such as reviewing TCFD reports and responsible investment policies. Our reviews consider the alignment of clients' reports to regulation and guidance, as well as the accessibility of these reports (including assisting a client in creating a separate 'member friendly' TCFD report). We also consider how clients' approaches differ to peers, highlighting best practice examples where appropriate. This helps clients better communicate and engage with stakeholders on sustainability matters through greater transparency and understanding.

Ensuring reporting is fair, balanced and understandable

When reporting on our own policies externally, the way in which we set and develop our policies ensures this reporting is fair, balanced and understandable. Our polices on sustainability and stewardship are ultimately the responsibility of our MB, which means that our reporting receives a high-level overview and support.

By having a specialist SIT to drive the development of ideas, which includes research on the wider market's approach to sustainability and stewardship, we are able to assess our own approach against our peers. Participating in industry groups and initiatives, such as the ICSWG and NZICI helps to establish standards for reporting, which we have helped develop and support. We regularly review and evolve our processes and policies, reflecting the rapid developments in the industry.

To keep sustainability and stewardship reporting fair, balanced and easy to understand, we recognise that the quality and completeness of data from asset managers is variable and evolving. As a result, we standardise the information we receive by asking managers consistent questions and provide clear definitions of the information we expect to receive. This allows us to compare like-for-like information (across asset managers and on a year-on-year basis) and be clear where information is missing. When we report to clients, we include definitions and explanations of the information and then highlight issues which may need addressing. We internally review and check the information we receive before sharing with clients. We check all data and peer review all advice to help uphold quality and accuracy. Part of our work to help clients with their own assurances includes that their TCFD reports are fair, balanced and understandable.

We continually work to improve our processes, activities and outcomes and will continue to strive for improvements in our work (through the use of our Lean continuous improvement framework, an internal framework that has the aim to provide the best client service with the greatest efficiency), our client delivery (through continuing to collect feedback from stakeholders and acting upon it) and also continue to challenge ourselves and the wider industry on the status quo (through our internal dialogues and our engagement with the wider industry and regulators).

Continuous improvement of sustainability and stewardship practices

Our SIT continues to refine and develop our approach across our investment consultancy services, taking into account market developments and client feedback, along with developing policy and regulatory changes like the increasing focus on social aspects of investment and biodiversity. We consider this the most appropriate approach to developing and maintaining our policies and processes for stewardship and other sustainable investment practices.

We also make use of the SIT resource and expertise to help other areas of the business develop their stewardship and sustainability activities, both internally, and for their own clients. This is done via the SSG and SSWG (mentioned in the governance section), through the SIT training other areas of the business and through cross business area projects.

We continue to use our peer review process and our customer feedback actions as our experience shows these provide us with helpful actions for continuous improvements to our services.

BARNETT WADDINGHAM

Part of HOWDEN

D - Conflicts of interest

Our approach to conflicts of interest

Having a robust and relevant public Conflicts of Interest Policy is essential when providing services to our clients. The existence of our policy supports the services we offer to align with our clients' best interests, through being unbiased and promoting transparency. Having such a policy in place reduces risks (which could be financial) for both our clients and our firm, and promotes a stronger culture.

We train all our staff on our conflicts policy on induction and provide regular updates to training (e.g. bi-annual training on Anti-Money Laundering and compliance regime changes as well as refresher training throughout the year on pertinent compliance issues).

Identifying and managing potential conflicts of interest

All clients are the responsibility of a 'client lead' who will be a senior leader at BW. Prior to and on appointment, we check for conflicts with the senior leader group within the firm. When taking on a new client it is important that we take appropriate actions to identify any potential conflicts. As such it is important that a conflict check is undertaken, we have internal processes which automatically generate a conflict check to be sent to the relevant mailing group.

Where a potential conflict is identified, the governance team will investigate whether this is actual or perceived and whether it is manageable. If appropriate, the team can set up separate client teams, and restrict access to documentation to help prevent any conflict from arising or breach of a conflict. If this were the case, any proposed approach would be agreed with the clients beforehand, and in the event that an approach could not be agreed, we would decline the appointment to one or both clients.

BW do not accept commission on investments unless our clients specifically instruct us to do so and it is in their interest, in which case we will offset it against our fees. This includes any commissions for asset management services (including those relating to stewardship activities). Commissions are sometimes arranged on risk benefits, for example life assurance and stakeholder or personal pension arrangements but only with the client's agreement. All commissions are declared.

As independent consultants we offer our clients unbiased investment advice across the whole of the market. We are also ideally placed to provide our expert independent fiduciary management oversight service to trustees who are considering or who have chosen to go down a fiduciary management route.

As part of our advice (including advice on stewardship services), there are occasions where we may shortlist or recommended a number of our existing clients, who are also, for example, asset managers, to other clients. We let our clients know about the conflicts of interest with wording included in our reports, as per the below:

"BW provides advice to a wide range of organisations and their pension schemes. This includes entities in the same group as firms whose products we may recommend. In providing the above shortlist, we wish to declare that affiliates of [asset manager name] are clients of BW. This has not affected the decision-making process and has not been taken into account at any stage of the selection exercise."

This provides our clients with the knowledge that where potential conflicts were present (e.g. we were recommending a manager that we also advise), these are managed and disclosed.

Oversight and policy review

Adherence to our policies is overseen by relevant executive committees (with the independent challenge from Professional Risk and Compliance Committee) with any breaches recorded and escalated accordingly. The governance team is responsible for setting the Conflicts of Interest policy and dissemination of the policy, providing oversight, support to the business and relevant training.

All BW Colleagues are responsible for managing conflicts appropriately, recording conflicts on the register, which is a central database for recording any potential conflicts of interest that may arise and any action taken to mitigate risk, and abiding by the policy.

At the time of writing, our Conflicts of Interest Policy was most recently reviewed in May 2025 and is set out below. The policy is reviewed annually.

Conflicts of Interest Policy

Barnett Waddingham is committed to identifying, monitoring and managing all actual and potential conflicts of interest that can arise between both our clients and us, as well as between clients in all areas of our business. For all conflicts of interest, Barnett Waddingham takes reasonable steps to prevent these conflicts giving rise to material risk of damage to the interests of any of its clients and always working in the client's best interests.

There are a number of areas where conflicts may arise which are as follows:

- Barnett Waddingham provides advice to a wide range of organisations and their pension schemes. This includes entities in the same group as firms whose products Barnett Waddingham may recommend. We will notify explicitly any potential conflicts that we perceive have arisen;
- Barnett Waddingham provides advice to other clients in the same business sector;
- Barnett Waddingham provides a range of services to pension schemes. Barnett Waddingham's advice may include the undertaking of further work for which Barnett Waddingham is a potential provider
- Barnett Waddingham is part of the Howden Group, which provides a wide range of insurance and other services to organisations and individuals which could potentially lead to a conflict.

Where we identify conflicts of interest we acknowledge the importance of taking appropriate steps to mitigate and disclose the risks as per our internal policies and procedures reference. In summary and wherever possible effort will be made to avoid conflict between:

- Personal interests, or the interests of any associated company, person or group of persons, and duties to clients;
- Any competing interests of one or more clients, stepping aside if such conflicts cannot be resolved;
- Personal interests, or the interests of any associated company or person, and duties to Barnett Waddingham.

Where conflicts cannot be avoided, efforts should be made to mitigate the risks as specified in the policies and procedures previously referenced, and/or where appropriate, by the following means:

- Effective procedures to prevent or control the exchange of information between the relevant persons where the exchange of such information may harm the interests of one or more clients;
- Separate supervision of relevant persons whose principal functions involve carrying out such activities on behalf of, or providing services to, clients whose interests may conflict, or who otherwise represent different interests that may conflict, including those of the company/firm;
- Measures to prevent or limit any person from exercising inappropriate influence over the way in which a relevant person carries out investment or ancillary services and/or activities;
- Measures to prevent or control the simultaneous or sequential involvement of a relevant person in separate investment or ancillary services or activities where such involvement may impair the proper management of conflicts of interest;
- Segregation of duties that could give rise to conflicts if carried out by the same individual.

We have added a case study in our annual Activities and Outcomes Report which illustrates how we identify and manage potential conflicts of interest, helping to demonstrate that the services we provide are undertaken in the best interests of clients.

Both BW and Howden are committed to conducting activities with integrity, transparency and in the best interest of clients. Identifying and managing conflicts of interest is important to avoid undermining trust, damaging reputations and unfair or biased decisions. Effective management of such instances (perceived, potential or actual) is crucial for maintaining integrity, transparency, and public confidence in Howden and BW as part of the Group.

Reviewing, approving and signing our report

This report was produced by members of our sustainability teams across BW; namely our SIT, wider Investment Consultancy team and other colleagues across BW, with peer review undertaken by partners in our Investment Consulting area, our SSG and on Management Board. Management Board, including our non-executive chair, sign off our report.

Signed (on behalf of Management Board):

Andrew Vaughan	Helena Morrissey
Senior Partner	Non-executive Chair

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