



Net Zero Investment Consultants Initiative (NZICI) Report

AS AT 31 DECEMBER 2025



BARNETT
WADDINGHAM

Part of **HOWDEN**

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Executive Summary

This report demonstrates how Barnett Waddingham ("BW") delivered on its commitments to the Net Zero Investment Consultants Initiative ("NZICI") during 2025. This disclosure aims to satisfy commitment nine of NZICI – "to report progress by our firm against the commitments made here at least annually in the public domain".

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. Since September 2026, BW has been trading under the Howden brand. However, BW continues to operate as a separate legal and regulated entity and, for the purposes of the 2025 NZICI reporting cycle, we have reported as BW. Therefore, all references to "we" or "our" in this report refer to BW. However, Howden's 2025 Sustainability Report can be found [here](#).

As investment consultants, our role is to support clients in understanding and managing climate-related risks and opportunities, integrating net zero considerations into investment decision-making where appropriate, and promoting high standards of stewardship, governance and sustainability across the investment chain. Our most recent UK Stewardship Code submission, which covers areas wider than climate and net zero, is hosted on Howden's website, alongside this report.

2025 was a pivotal year for climate change, with rising temperatures coupled with divided political opinions. These events have put both physical and transition climate risk in the spotlight, with the severity of a number of natural disasters over the year being attributed to rising temperatures, while climate-related policies and commitments continued to evolve across several jurisdictions.

This report provides an overview of our work that is relevant to NZICI commitments, during the period 1 January to 31 December 2025, and highlights the actions taken to support clients and the wider financial system in meeting their climate-related objectives.

Commitments 1 to 3

With respect to our investment advisory services, we commit to provide advice on climate change and net zero ambitions across our client base in line with their mandates by:

1. Working with our clients to identify how climate change impacts the risks and opportunities for their portfolios.
2. Highlighting the importance for both the economy and asset values of global decarbonisation on a Paris-aligned path and consistent with the goal of net zero by 2050.
3. Empowering willing clients to make a meaningful contribution to the goals of the Paris agreement through investment practices that help drive real world emission reductions, toward the goal of net zero by 2050 as well as robust interim targets.

BW's 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 net zero, whilst supporting the sustainability objectives of BW. Projects are undertaken covering research, propositions, training and development. Of the 17 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. 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.

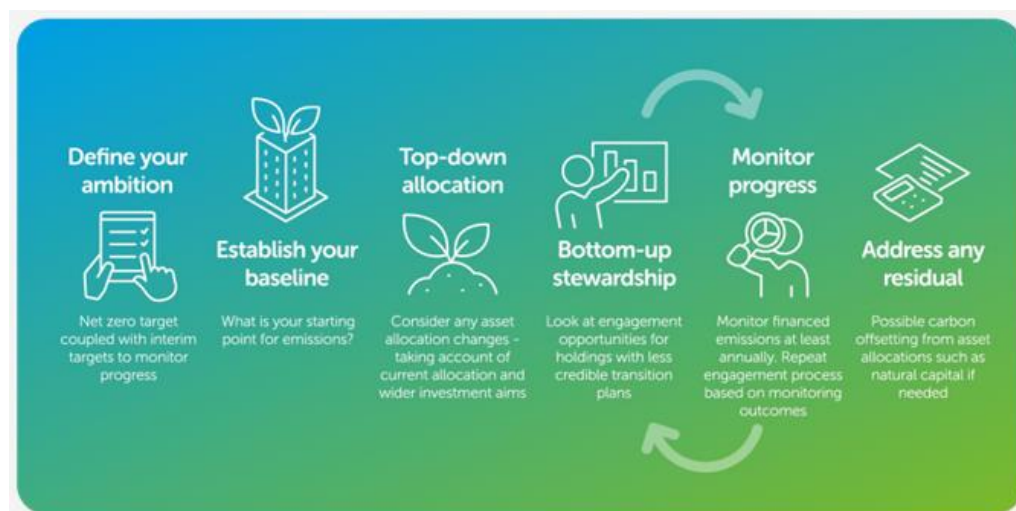
We provide comprehensive training to all members of the team, from introducing the high-level principles to new graduates, to detailed advice-focused training for experienced consultants. The education for new graduates includes "rotating" into our different research teams as part of their induction 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 SIT members to support the training and discussions they provide to clients.

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. When recommending solutions to clients, we do not have house views on net zero implementation; instead, we support clients in identifying the most appropriate approach based on their specific objectives, beliefs and constraints. We also provide training and educational support to help clients understand the practical implications of net zero investing and climate-related risks.

To support client teams, the SIT also 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 consultants to use when discussing sustainability issues, such as net zero alignment, climate risk and stewardship considerations.

We use our 'net zero roadmap' (Figure 1 below) to help support clients to plan their net zero journey. The first step is to "define your ambition", which is done alongside our "ABC" approach, also detailed below.

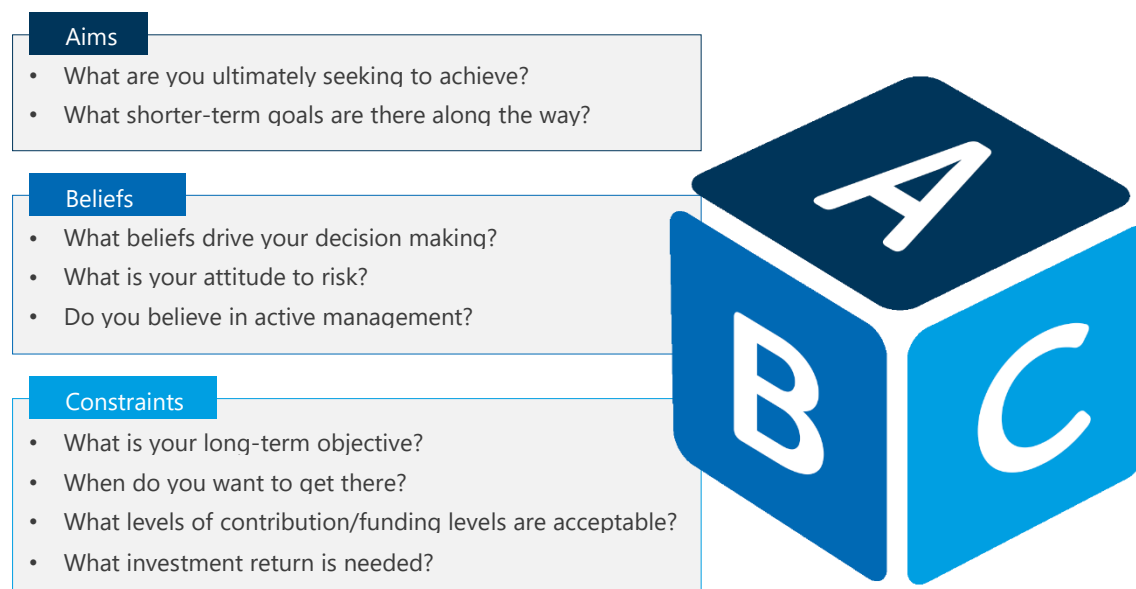
Figure 1 – net zero roadmap



When providing investment advice to clients, we consider our clients' "ABCs" (Aims, Beliefs and Constraints – see Figure 2), 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, they are used to develop a sustainable investing policy that provides a clear framework against which investment decisions can be tested and monitored. This helps investors understand how different elements of their strategy interact and whether investments complement or conflict with their sustainability; stewardship; climate; net zero; impact; and financial objectives.

Figure 2: Investment ABCs



The success of using the ABC approach has led us to develop a second, simple, 'ABC' approach to complement the first approach and 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** – ensure the governance structure 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 a successful net zero commitment. We believe stewardship and engagement also play an important role in supporting real-world emissions reductions alongside portfolio alignment. We therefore support clients in engaging with Asset Managers on climate-related risks and opportunities; other inter-linked risks and opportunities (such as wider environmental and social factors); and transition planning, helping to promote real-economy outcomes as well as portfolio resilience.

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 below case study highlights an example of where we provided training to a client over 2025 to allow them to better understand the nuances of emissions reporting.

Case study 1 – Carbon emissions training

Over the year we provided training on calculating emissions associated with investments for a corporate investment committee.

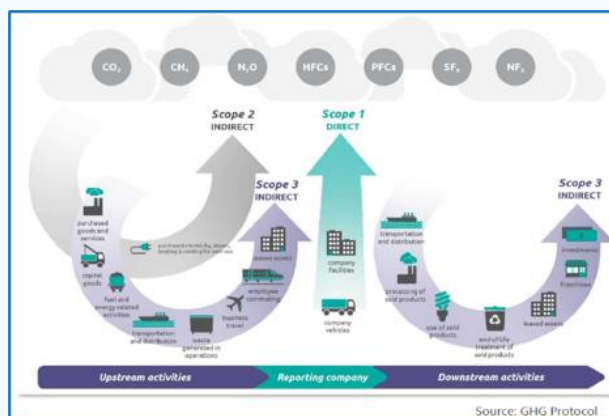
What was the issue: The client wanted to understand how carbon emissions, associated with their corporate balance sheet assets, are calculated. The finance committee were familiar with emissions reporting for their business activities, and the client is at the leading edge in supporting climate risk measurement and management across multiple industries. However, they felt that our independent support would also be valuable for its own approach.

What did we do: For several years, we have provided the client with an annual sustainability monitoring report, which includes emissions data for their investments, across multiple scopes. These reports have helped the client track the emissions exposure of their investments. In 2025, the client requested additional clarity on the methodology behind these calculations and how emissions are attributed to investors.

To address this, we organised a dedicated training session for a sub-committee of the Investment Board, which covered:

- 1) The fundamentals of emissions measurement, including the different scopes of emissions (Scopes 1, 2 and 3);
- 2) How emissions from company activities are proportionally allocated to investors;
- 3) The different metrics for measuring carbon exposure for investments; and
- 4) Asset class specific nuances relating to emissions and how this translates to their portfolio.

How did we help: Our training session enabled the Board to interpret their emissions reporting more accurately. This understanding also helped them to further scrutinise the potential climate risks within the portfolio and to gain more confidence connecting emissions data with potential financial and reputational risks. Understanding the methodology, including the differences and nuances between business and investment activity, also allowed for better comparability across the corporate entity and their investment strategy.



Each client will have a different set of objectives. For example, 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. Our review considers insurers against their peers as well as against reporting expectations across three ratings: Ahead, On Par and Behind (Figure 3 provides more detail about the definition of each rating). One aspect of our review is each insurer's commitment to specific sustainability topics, such as net zero. This includes considering the credibility of such commitments by considering the availability of transition plans and the communication of progress made to date. This helps clients incorporate climate and transition-related considerations into insurer selection decisions and assess the credibility of insurers' long-term sustainability and net zero commitments.

Figure 3: 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 sustainable/net zero investments and funds to best align with their objectives and have engaged with fund managers with regard to creating products and services to align with 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, with leading UK and global investment houses.

Furthermore, and as per the case study below, we assist clients with their net zero and climate objectives, as well as their regulatory requirements. We aim to avoid these requirements becoming a tick box exercise by adapting our climate analysis framework to provide decision-useful outputs.

Case study 2 – Assessing climate risk within clients' investment strategies

What was the issue: We have experienced a growing number of Local Government Pension Scheme (LGPS) fund clients set net zero targets and ambitions against their investment strategy. Key drivers have included:

- The risks and opportunities associated with the transition to net zero;
- The risks, including systemic risks, associated with increased temperature rises; and
- The alignment with the LGPS fund's administering authority (which is usually a local authority) in terms of declaring climate emergencies and / or setting net zero ambitions.

This has also coincided with recommendations from the Ministry of Housing, Communities and Local Government for the Scheme Advisory Board to continue refining the climate-risk analysis principles document ahead of the LGPS funds' 2025 actuarial valuations in England and Wales. As a result, four actuarial firms (including BW) agreed a set of key principles with the Government Actuary's Department for how LGPS funds would undertake climate change scenario analysis as part of the 2025 valuation process.

What did we do: Using the established key principles, we used our in-house climate analysis framework to help LGPS fund clients meet the recommendations, whilst also considering their wider climate objectives by providing a comprehensive climate scenario analysis report.

Our in-house climate analysis framework has been set up to not over rely on climate data, which we continue to view as not being robust and is non-exhaustive in terms of risks, and instead uses a mixture of quantitative and qualitative information to assess the climate risks and opportunities associated with an LGPS fund's investment and funding strategy.

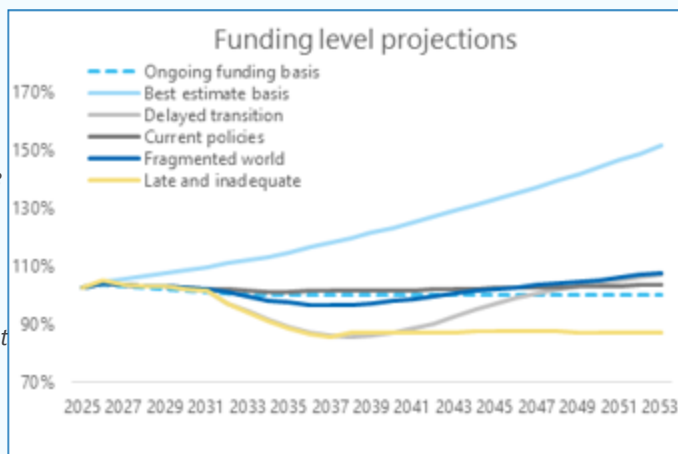
As part of the standard analysis that we did for all of our LGPS fund clients, covering over £80 billion in assets under management, we considered both quantitative climate risk analysis on the LGPS funds' assets and liabilities (covering both transition and physical risks), as well as qualitative analysis for risks that were either: (i) not yet covered; and / or (ii) were seen to be only part reflected, by the climate modelling. We also offered additional climate analysis on the LGPS funds' assets, to allow for deeper analysis of the LGPS funds' investment strategies.

Quantitative analysis

The quantitative analysis focused mainly on physical and transition risks, which we believe are only partly reflected in the modelling, so we addressed the missing elements through our qualitative assessment and our in-house "late and inadequate action" climate scenario, which incorporates greater downside risk by assuming a mixture of delayed and insufficient climate action.

Using climate data across different asset classes, we projected the LGPS funds' assets and liabilities over a 30-year period under two funding basis assumptions and four climate scenarios.

Whilst the analysis provided projections of the LGPS funds' experiences across various scenarios, we were not trying to predict the future, and experience may be significantly different. Therefore, we stressed the point that these projections should be used as a narrative or illustration to demonstrate the risks that the LGPS funds could be exposed to, and should be accompanied with qualitative analysis (and further asset analysis, if required by the client).



Qualitative analysis

Within the analysis we considered the key risks that we believed were not fully reflected in the quantitative analysis, covering areas such as employer covenant, investment, inflation, mortality, legislative, litigation, climate tipping points, geopolitical, and planetary boundary risks. We highlighted the most material and relevant ones for our LGPS clients, recognising that these risks continue to evolve over time.

Additional analysis:

For LGPS fund clients that requested additional analysis on their investment strategy, we used our in-house Climate Risk Indicator (CRI) scoring framework to provide insights on the climate risks within their specific investment strategy.

Our CRI score considers an investment's climate risk impact on expected return (that is, the difference between an optimistic climate scenario and our "late and inadequate action" climate scenario, the latter includes the existence of both physical and transitional risks). The CRI score is scored on a scale from 0 (negligible impact) to 9 (severe impact), as per the scale below, and goes beyond considering risk at an asset class level by incorporating both an investment fund's underlying asset class(es) as well as its own unique characteristics (with the recognition that no two investments within an asset class are the same). The score is derived using a combination of qualitative and quantitative analysis.

CRI score scale Expected potential "climate risk impact" over a long-term horizon, under a pessimistic scenario									
0	1	2	3	4	5	6	7	8	9
Negligible to low			↔	Medium			↔	High to severe	

We demonstrated to the client how the CRI scores can be used for decision-making (the table overleaf represents the LGPS fund client's equity portfolio for illustrative purposes, but the actual analysis was done across all assets).

	0 - 5	6	7	8	9
Fund A - Global Equity Fund	None of the client's equity funds scored lower than '6' on the CRI scale	6	7	8	9
Fund B - ESG Global Equity Fund		6	7	8	9
Fund C - Global Equity Fund		6	7	8	9
Fund D - Global Equity Fund		6	7	8	9
Fund E - Global Equity Fund		6	7	8	9
Fund F - Emerging Market Equity Fund			7	8	9
Fund G - Emerging Market Equity Fund			7	8	9

The coloured squares represented where an equity fund sits on the CRI scale, whilst the numbered range represents the potential range of scores for a specific asset class and the blue squares represent where an 'average' equity fund in that asset class would sit, based on our assessment. For example, an average global equity fund would have a CRI score of 8 (hence the box around the 8 on the global equity rows). The global equity funds with the best CRI would score 6, and the worst would score 9.

A key finding was that, due to their specific characteristics and despite not being 'ESG' or 'climate' strategies, some had lower scores to their peers (owing to a mixture of strong climate risk management and the type of assets they were mandated to invest in), whereas others had higher scores (owing not to them being 'bad climate actors', but rather the types of assets that the strategy is mandated to invest in).

This allowed our LGPS fund clients to look beyond the asset class level analysis and focus on the specific and unique characteristics of their strategies. The follow-up action was to engage with the relevant asset manager and asset Pool on the results.

How did we help:

Combining the above analysis, we were able to help our clients to assess the level of climate risk within their investment strategy. This allowed for a number of outcomes, such as:

1. Consideration of the proposed mitigating actions that we suggested against each qualitative risk.
2. Understanding and becoming comfortable with the level of risk, or seeking further mitigation methods through, for example, engagement with asset manager / Pools.
3. An allowance of climate risk within the level of prudence within their funding basis, as assumed by the LGPS fund's actuary.
4. Consideration when setting contribution rates for the participating employers in the LGPS fund where our analysis suggested volatility and deterioration of investment returns in the medium term.

This analysis formed part of the LGPS fund clients' 2025 actuarial valuation and will be incorporated into the areas above relevant for each LGPS fund client. The analysis provides a more holistic approach to monitoring climate risks (that is, not treating net zero as simply a carbon accounting exercise) and can assist LGPS fund clients when setting and meeting their net zero or wider objectives.

In the appendix, we set out the coverage of our clients (as a percentage of assets under advice) that have received training on climate change, receive emissions data and those that have set a net zero ambition.

Commitment 4

We will assess, monitor and engage with asset managers on the integration of net zero ambitions in their independent investment decisions and stewardship, and reflecting this evaluation in our client recommendations.

We assess and monitor asset managers' climate-related risks, opportunities and stewardship practices as part of our broader sustainable investment research framework. BW forms a key link between our asset owner clients and the asset managers undertaking stewardship on their behalf. Stewardship (in the form of asset allocation, voting and engagement) is generally undertaken by fund managers selected by our clients based on the advice we provide.

In 2025, we continued to rate asset managers and further enhanced our assessment and monitoring framework. Sustainability criteria (including climate and net zero) remained a key part of all manager research and fund recommendations. We assess asset managers from a sustainability and stewardship perspective across three sub-ratings: Sustainable Investment Research, Sustainable Investment Integration and Stewardship.

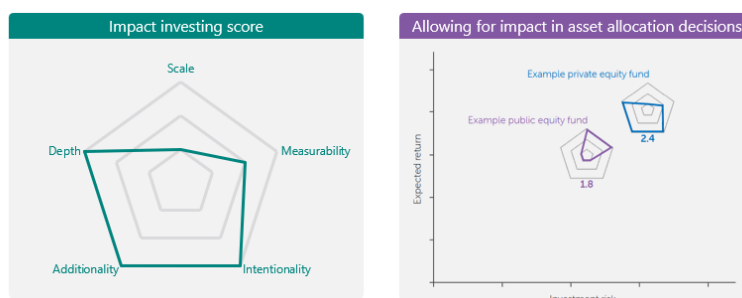
The overall rating and underlying sub-ratings are:



We also assess managers' climate risk, opportunity and impact credentials, with these assessments contributing to our overall manager ratings and recommendations to clients.

Risks and opportunities are measured through our proprietary climate analysis framework, which combines quantitative and qualitative assessments. This includes the use of Climate Risk Indicator (CRI) and Climate Opportunity (CO) scores to help investors assess the climate risks and opportunities associated with specific investment strategies, identify areas for further engagement and better understand portfolio resilience under different climate scenarios.

During 2025, we created an 'impact investing score' (and accompanying blog), to help clients measure the level of impact (including climate impact) that their investments are creating. Our proprietary score simplifies complex quantitative data and qualitative information into easy-to-understand metrics. It enables investors to compare funds across diverse asset classes, from niche private equity solutions to global public equity opportunities, while balancing traditional financial metrics with meaningful social and environmental impacts. The score is split into five sub-components, to allow clients to consider which element is most relevant for them. We have assessed a number of impact funds against our impact investment score and have had discussions with various investors on how this can aid them in measuring the impact (including climate impact) being created within their investment portfolios.



Our ratings, scoring and opinions directly influence the advice we provide to clients. Where we identify areas for improvement, we engage with managers to provide feedback, encourage greater transparency and promote higher standards of climate risk management, stewardship and reporting. Through ongoing assessment, monitoring and engagement, we seek both to improve outcomes for our clients and contribute to raising standards across the wider investment industry.

The below case study considers an example of a review we have conducted of Asset Managers' stewardship offerings.

Case study 3 – Reviewing stewardship offerings

What was the issue: *A large asset manager introduced a new stewardship offering, and our clients wanted to assess whether it represented a meaningful improvement and aligned with their goals of adopting a comprehensive, market-leading approach. Additionally, one client sought specific guidance on how to challenge their manager's stewardship practices effectively. Our clients wanted clarity on how their manager compared to peers and how to engage constructively.*

What did we do: *We met with the Asset Manager to review the differences between their new and existing offerings. While the updated approach was closer to the clients' preferences, we identified key gaps between the proposed practices and the clients' expectations. One of the concerns highlighted related to inconsistency of messaging from the same asset manager to company leadership, due to multiple stewardship approaches within one organisation. For the client seeking specific guidance, we shared details from our research rating process for stewardship, including qualitative questions that distinguish market-leading approaches.*

How did we help: *By benchmarking the new offering against stewardship practices we consider best-in-class, we enabled our clients to understand the key differences and highlighted areas of potential misalignment. This enabled our clients to decide whether the revised approach met their requirements. For the client seeking specific guidance, understanding our research process empowered them to scrutinise their manager's practices and engage in more informed discussions to drive alignment.*

During the year, we made several enhancements to the way we assess, monitor and engage with asset managers. This included placing greater emphasis on the stewardship credentials, actions and outcomes of passive asset managers, refreshing our stewardship ratings, and engaging directly with managers on key issues. Areas of engagement included climate-related commitments, participation in industry initiatives, data quality and transparency, and wider sustainability practices.

We also updated our Sustainability Monitoring Report data requests to asset managers to help keep them relevant. We asked managers for enhanced transparency on their voting records for contentious shareholder resolutions, social metrics and their signatory status to various groups. This data helped clients understand how they can effectively engage with managers on sustainability issues.

Our research team conducted meetings with asset managers throughout the year to better understand their investment approach, stewardship activities and management of climate-related risks and opportunities. The below case study provides examples of our engagement with Asset Managers over 2025.

Case study 4 – Engaging with Asset Managers

The below case study provides two different examples of where we have engaged with asset managers on specific issues over the period, and the subsequent outcomes.

Business to business framework

Over 2025, we further formalised our process of engaging with Asset Managers through our “business to business” framework. The framework assigned a dedicated Partner or Principal (the two most senior roles within our investment consulting team) contact at BW to key Asset Managers that our clients have exposure to.

An internal feedback loop has also been established, allowing members of the Investment Consulting team to feed into meeting agendas and raise any issues directly with the relevant Partner/Principal, that can subsequently be raised formally with the Asset Manager, through a single channel.

The role of the Partner or Principal is to provide a feedback loop to the Asset Manager, and to influence better practice on behalf of our clients through periodic engagements and meetings with the Asset Managers. Assigning senior positions to this role provides a holistic approach (across business areas) to ownership and places a high level of importance on these interactions. The business-to-business activity is also directly linked to the Partner/Principal's own performance objectives.

Over 2025, we have seen positive impacts from these Asset Manager engagements. In one specific case, we have experienced material improvements in turnaround times in terms of the manager's Liability Driven Investment (LDI) solutions modelling process, which allows for better client service (including in time of crisis).

In 2026, we will broaden our framework to include more Asset Managers, while continuing to strengthen best practices among our existing relationships through ongoing engagement. As part of this expansion, we will introduce additional Partners and Principals to the framework, ensuring that senior leadership remains focused on specific asset managers and key issues.

Promoting best practice through memberships

Over 2025, we continued to ask asset managers about their membership status to various initiatives, collaborations groups and Codes (such as being signatories to the UK Stewardship Code), including asking them to explain non-compliance. In our Asset Manager ratings process, we saw that the managers we rate less favourably on sustainability were generally less likely to be signatories to such groups.

We were pleased to see that during 2025, a manager that we have engaged with regarding their signatory status became a signatory to the UK Stewardship Code. However, as with 2024, there were also a number of high-profile exits from certain initiatives over the year (such as from Climate Action 100+ and the Net Zero Asset Management initiative). In such cases, we have engaged with managers to understand the reasoning for their exits and consider what impact, if any, this may have on their strategies, in particular stewardship actions and net zero ambitions.

During 2025, we released a blog on what we referred to as the “climate collaboration fall out”, and our Head of Sustainable Investment Research presented to asset manager representatives at an Association of Investment Management Sales Executives (AIMSE) conference. The presentation focused on what we were seeing from the industry in terms of changes to membership statuses, as well as asset owner expectations around memberships and actions. The key messages were that transparency and continued client alignment remains key, and that signatory status does not always lead to better outcomes, and the devil remains in the detail.

We also updated our Sustainability Monitoring Reports and climate one-pagers to provide clients with up-to-date climate metrics and improved climate-risk analysis from their asset managers. This included the use of our CRI and CO scores, which help clients better understand climate-related risks and opportunities within their portfolios. Through ongoing monitoring, reporting and engagement, we support clients in making informed decisions and encourage continuous improvement in asset managers' climate-related practices and disclosures.

Commitment 5

With respect to our fully discretionary services, we will individually set goals consistent with the target setting framework of the Net Zero Asset Manager Initiative.

BW does not provide fully discretionary investment management services within the scope of Commitment 5 and therefore has no relevant clients or assets against which to set or report targets under this commitment.

Commitment 6

With respect to our own business operations, we will individually set emissions reduction targets across all our operational emissions consistent with Paris goals.

With respect to our own business operations, we pledged to reduce our operational emissions aligning with key themes of Paris goals in Scope 1, 2 and 3 to achieve carbon neutrality, with strong ambition of net zero targets in the future.

BW recognises the importance of reducing the environmental impact of its own operations as part of supporting the transition to a net zero economy. Oversight of operational sustainability sits within our sustainability governance framework, including the Sustainability Steering Group and Sustainable Operations Group, which oversee the implementation of our environmental strategy and Environmental Management System. We monitor and report emissions across Scope 1, Scope 2 and key Scope 3 categories and continue to identify opportunities to reduce our operational carbon footprint.

In 2025 we achieved our target of carbon neutrality across scopes 1, 2 and 3. We use a portfolio of high-quality, verified carbon offsetting projects to purchase carbon credits. We continue to promote and underline the importance of sustainability and climate change to our stakeholders through our sustainable commitments.

The following achievements reflect our ongoing commitment to sustainable practices and reducing environmental impact. Please note that, unless otherwise stated, operational data covers the period June 2024 to May 2025 ("FY24/25"). This period is different from the NZICI report which is 1 January 2025 to 31 December 2025.

Waste & Recycling

Over the period, we achieved 100% landfill diversion across all offices, and continued the alignment of waste management practices across our sites. In line with new waste segregation legislation that came into effect on 31 March 2025, all offices now provide separate collection for food, glass, and mixed recyclables to improve recycling performance. We also recycled 579 kg of IT equipment through our trusted partner, Dell.

Energy

Solar panels at our Amersham and Birmingham offices generated 30,073 kWh of electricity and all our offices are powered by renewable energy. We operate Light Emitting Diode (LED) lighting that detects movement and run our office buildings on optimal economic settings to reduce consumption, wherever possible.

Employee-led Climate Action

Through our benefits scheme, employees can choose to fund mangrove tree planting – 5,700 trees were planted in 2024, and activity continued over 2025. We also launched an electric car leasing scheme to expand sustainable employee benefits.

Environmental Partnerships

Through our partnership with Office Coffee Co., we supported the sequestration of 373.8 tonnes of CO₂e and protection of 37 km² of rainforest. Our collaboration with Fruitful Office supports tree-planting initiatives – during the period, we planted 827 trees together with UK charity Ripple Africa.

Tree Planting

Through our partnership with Groundworks, we planted 500 trees across the UK as part of community volunteering projects. These native species, fruit trees and hedgerows help support local biodiversity and enhance green spaces.

Carbon Offsetting & Emission Reduction

We offset 5,151 tonnes of CO₂e, covering emissions reported under our SECR obligations for the period June 2024 to May 2025. By investing in high-quality, certified projects, from renewable energy generation in India and reforestation in Uruguay to peatland restoration in Indonesia, we aim to mitigate our environmental impact while contributing to global sustainability goals. We have achieved our carbon neutrality pledge and have procured carbon credits to offset a further 2,847 tonnes of CO₂e which we reported under Streamlined Energy and Carbon Reporting (SECR) obligations for the period June 2025 to December 2025.

We provide more information on our operational emissions in the appendix.

Sustainable Offices

Following our Leeds office relocation, we published a report outlining the environmental impact of the move and the sustainability features of our new building, City Square House, from hiring local suppliers to prioritising low-carbon materials and giving surplus furniture a second life. Our Glasgow office relocated in October 2025 to Cadworks, one of the most sustainable and innovative office buildings in Scotland, and the first net zero carbon building in operation in Glasgow.

Commitment 7 and 8

Within the wider financial community, where suitable net zero methodologies do not exist, we work together for the benefit of our clients to address these challenges, seeking harmonised methodologies consistent with competition law.

Within the wider financial community, we will engage, independently or as a group, with regulators and policymakers, to facilitate the transition to net zero carbon emissions, addressing any barriers to our clients adopting and achieving their net zero targets.

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. We also seek to influence emerging policy and regulation to support sustainable investment and the transition to net zero. 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. Through our interactions with regulators, policymakers and other stakeholders we continue to highlight the need for all investors, not just the larger ones, to be able to achieve sustainable goals, including net zero.

In 2025, this included responses to the Department for Energy Security and Net Zero (DESNZ) consultation on transition-plan requirements, the Department for Work and Pensions' (DWP's) review of climate-governance regulations, an ICSWG letter to the Financial Conduct Authority (FCA) on proposed ESG rating provider regulations, and the Net Zero Asset Management initiative's (NZAM's) consultation on updates to its Commitment Statement.

In addition to formal consultation responses, we engage with regulators and policymakers through working parties, roundtables and stakeholder discussions, enabling us to share practical implementation experience from across our client base and advocate for proportionate and effective policy solutions.

We continued to participate actively in key industry initiatives during 2025 as signatories or members of groups such as the United Nations-supported Principles for Responsible Investment (PRI); Investment Consultants Sustainability Working Group (ICSWG); Net Zero Investment Consultants Initiative (NZICI); Accounting for Sustainability (A4S) Sustainability Principles Charter; and Investors for Purpose (previously known as Pensions for Purpose) and the Impact Investing Institute. Team members represented BW across these initiatives, contributing to working groups. These included:

- Our Head of Sustainable Investment Research represented BW on the Steering Committee of the ICSWG. Furthermore, they were also part of the "raise the bar" workstream of the group that formulates guidance on best practice for the industry. Over the year, we have engaged with and provided comments and input into various pieces of work produced by the ICSWG, including consultations and industry guidance such as industry templates and an Engagement Reporting Guide. Through this group, we have also met with industry stakeholders, such as the Trustees' Sustainability Working Group, regulators and other industry groups.
- A member of our SIT represents BW on NZICI. Over the year, we have engaged with and provided comments and input into various pieces of work produced by NZICI, including industry guidance (such as NZICI's "Manager Assessment Working Group Assessment Guide").

We attend and participate in events held by industry groups of which we are members, sharing experiences and learning from peers. Examples over 2025 were the PRI's Climate Adaptation & Resilience workshop and PRI's Index Investing session. Both sessions allowed for constructive challenge and sharing of best practice with peers to help raise the bar within the industry. We also contributed to wider industry education and awareness through speaking engagements, roundtables, research publications and thought leadership on topics including climate change, nature and biodiversity, systems-wide thinking and stewardship developments.

Our Head of Sustainable Research discussed the interconnected links between climate change and nature at a MallowStreet conference. In line with encouraging our clients to take a systems-wide approach, they challenged those in the audience to look beyond climate change risk management and net zero as an emissions carbon accounting exercise and consider other risks and opportunities.

Appendix - Quantitative data

Client exposures to net zero

The below table considers the quantitative data that we are required to report on against our NZICI reporting requirements (over and above what has already been reported on within the main body of the report).

The data has been collated via an internal survey and includes all 'relevant' clients*. As such, there is an element of subjectivity in terms of answering questions. Whilst these factors may over or underestimate the true numbers, given the size of our client base, such instances should be rare and are expected to have only a small impact on the overall percentage figures (which have been rounded to the nearest 5%).

**There are a number of credentials that may deem a client not relevant within our quantitative analysis. For example, this may be a client who is not ongoing (e.g. whereby we have undertaken a one-off project) and/or a client who is serviced by another consultant, fiduciary manager, etc, and we are providing an oversight service.*

	Clients receiving meaningful education on climate change	Clients receiving baseline carbon emissions data	Clients setting a net zero ambition	Clients setting a net zero target/intention to be Paris-Aligned
% of total relevant assets under advice	65	75	20	15

Data as at 31 December 2025.

Numbers have been rounded to the nearest 5% and include clients where we have readily available data.

Please note, we have not included data on the number of clients who have agreed a formal goal to increase exposure to 'climate solutions', due to a lack of robust definition around 'climate solutions'.

Own operations' emissions

The data in the table overleaf relates to operational emissions for BW during the 12 months from 1 June 2024 to 31 May 2025 (which is our most up to date data). This period is different from the NZICI report which is 1 January 2025 to 31 December 2025.

	kg CO2e
Combustion of gas (Scope 1)	443,871
Combustion of fuel for transport purposes (Scope 1)	None
Purchased electricity, heat, steam, and cooling (Scope 2, location-based)	361,513
<i>Purchased electricity, heat, steam, and cooling (Scope 2, market-based)</i>	<i>0</i>
Purchased goods and services (Scope 3)	2,475,205
Business travel – cars (BW-funded fuel, Scope 3)	44,245
Business travel – flights, rail and hotels (Scope 3)	235,321
Employee commuting (Scope 3)	1,130,427
Working from home (Scope 3)	460,322
Total gross based on above (location-based)	5,150,904
<i>Total gross based on above (market-based)</i>	<i>4,789,391</i>
Intensity ratio – revenues (per £million, location-based (market-based))	28,456 (26,459)
Intensity ratio – people (per FTE – 1,865, location-based (market-based))	2,761 (2,568)