



Sustainable

investment overview

A better world for future generations is everyone's responsibility. Sustainable investing extends traditional investing to incorporate environmental, social, and governance-related (ESG) insights to improve long-term outcomes.



Helping shape

Sustainable futures

We recognise that sustainable investing – investing to achieve long-term sustainable returns that take into account our changing world – is complex. That said, despite the complexities, sustainable investment is a mega-trend we believe will be persistent in the long-term. We also recognise that investors are at very different points in their journey in this area. Our approach is designed to help you make informed, intentional and deliverable investment strategies.

Investment discussions and actions centre around **governance, strategy** and successful **implementation**. In this document we set out how investment consultants, supported by our Sustainable Investment Team, can help you in each of these areas.



Governance

Sustainable investment training

Our sustainable investment training allows you to understand climate and other ESG related risks, opportunities and up-to-date regulations relevant to your circumstances.

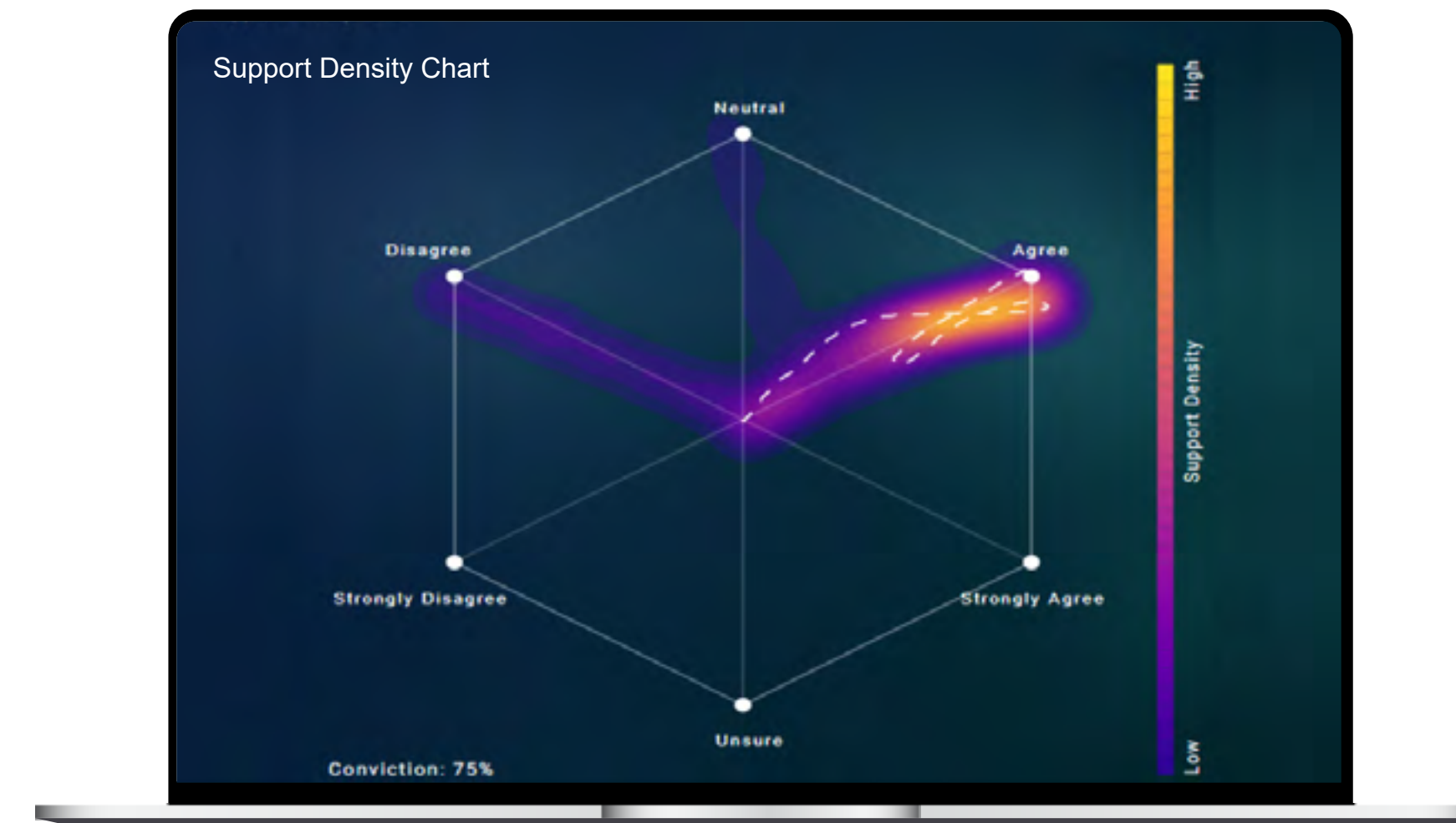
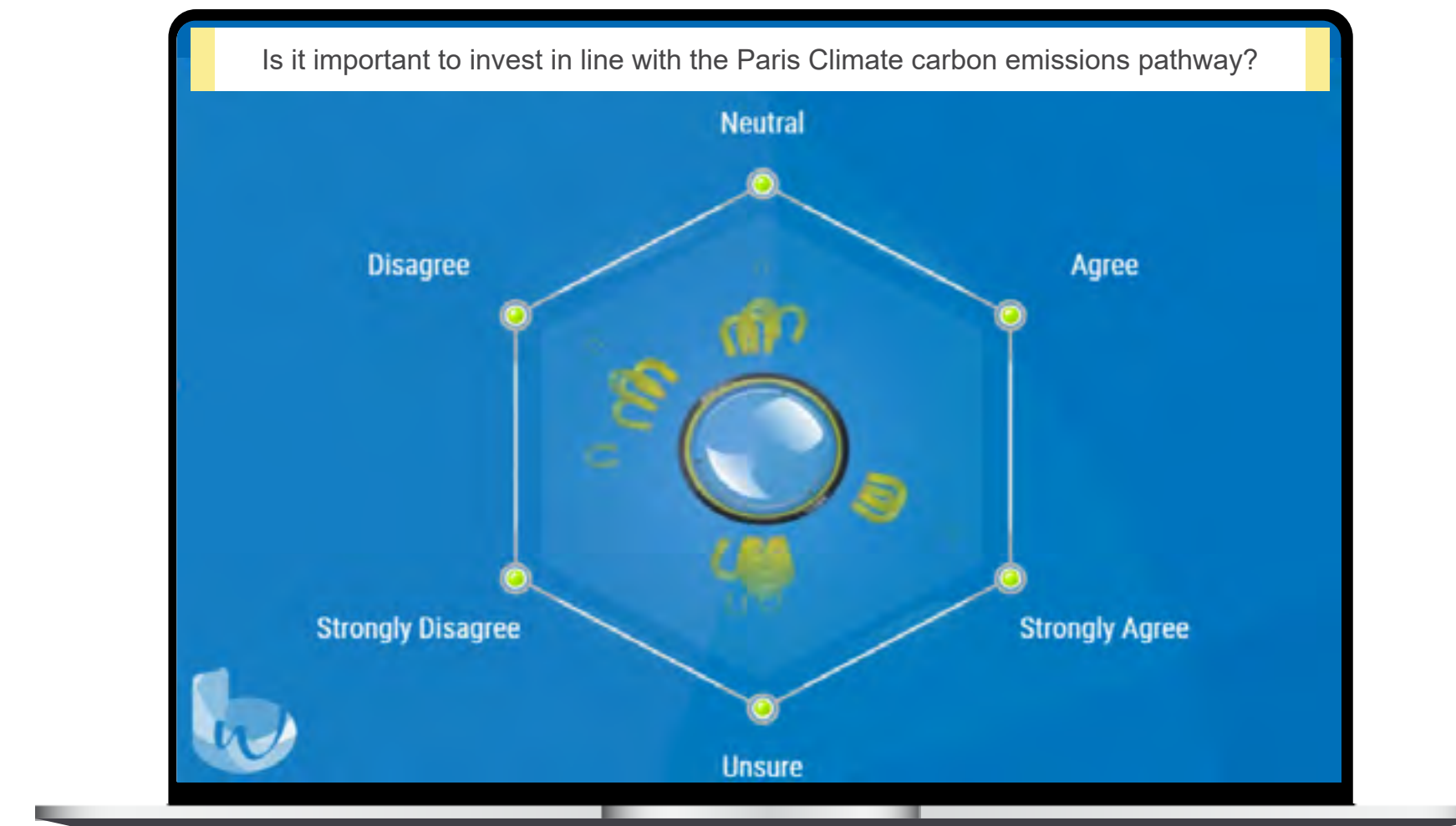
We provide training to investors on topics such as:

- Sustainable investing basics
- Deep dives on climate change, net zero and climate-related investment metrics
- Setting a sustainable investment policy
- Sustainable investing regulatory landscape
- Requirements of the Taskforce for Climate-Related Disclosures (TCFD)
- Impact investing and capturing opportunities

All training is tailored to your specific circumstances.

Understanding your sustainable investing aims, beliefs and constraints (ABCs)

We help investors establish a clearly defined sustainable investment policy by running an interactive aims, beliefs, and constraints session covering investment, funding and covenant. This session will feature our state-of-the-art decision-making tool, [BW Swarm AI](#).



Barnett Waddingham Swarm AI



Sustainable investment policy setting

We help you to translate your sustainable investment ABCs into a sustainable investment policy. The policy setting will take into account investors' ambitions as well as what is possible and practicable, based on the current sustainable investing landscape. This can sit alongside, or within any other, investment policy documents.

Sustainable investment monitoring

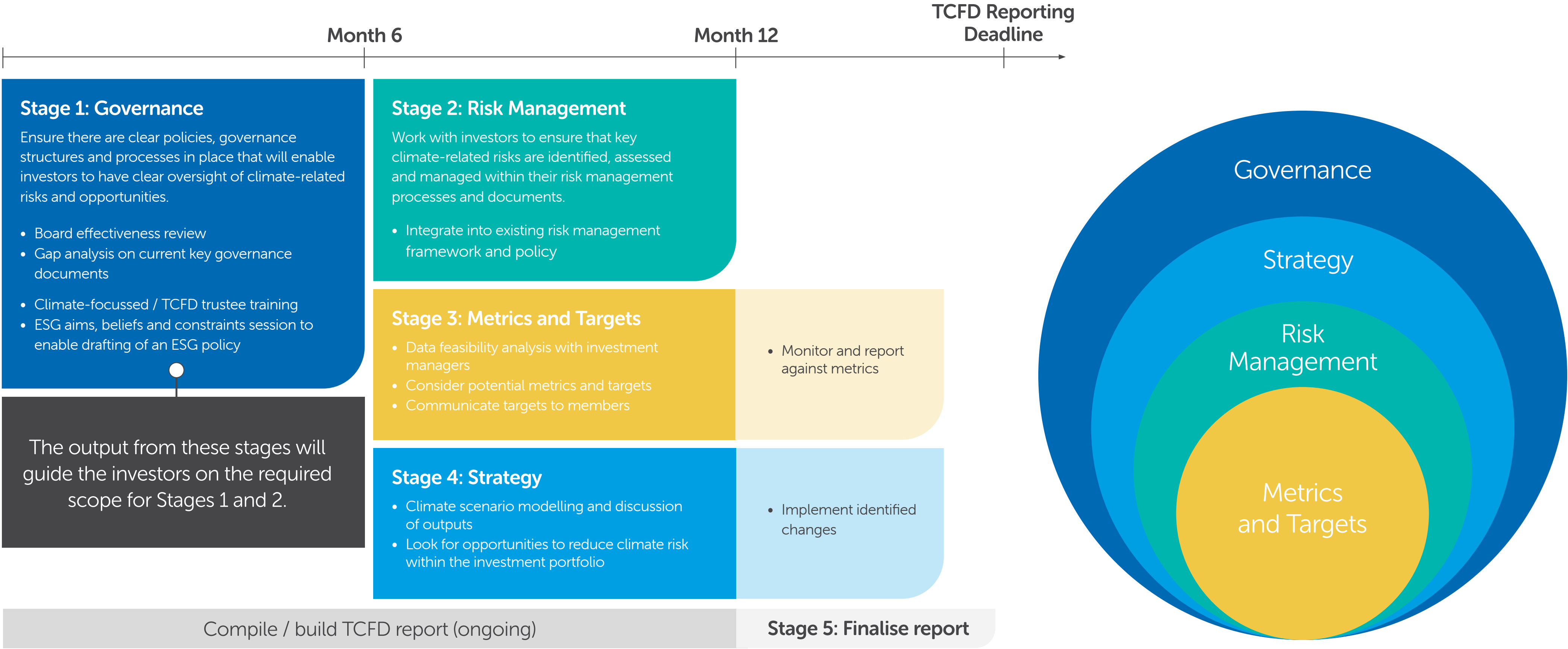
Our sustainable investment monitoring service provides quantitative and qualitative analysis covering the sustainability characteristics of investments. Monitoring reports include:

- Sustainable investment ratings of investment managers
- Climate metrics that can feed into TCFD reporting
- Voting and engagement statistics that can feed into implementation statements
- Climate Risk Impact scores for investments

We also provide stand-alone sustainability assessments of investment managers and fiduciary managers.

Taskforce for Climate-Related Financial Disclosures (TCFD) support and reporting

The challenges of sustainability, and returns associated with it, are more than an exercise in collecting metrics and disclosure. They require action. We support you at all stages of your TCFD journey, from setting up your climate governance framework through to strategy review and discussion using our climate scenario analysis tool (more information below). An example TCFD project plan is set out below.



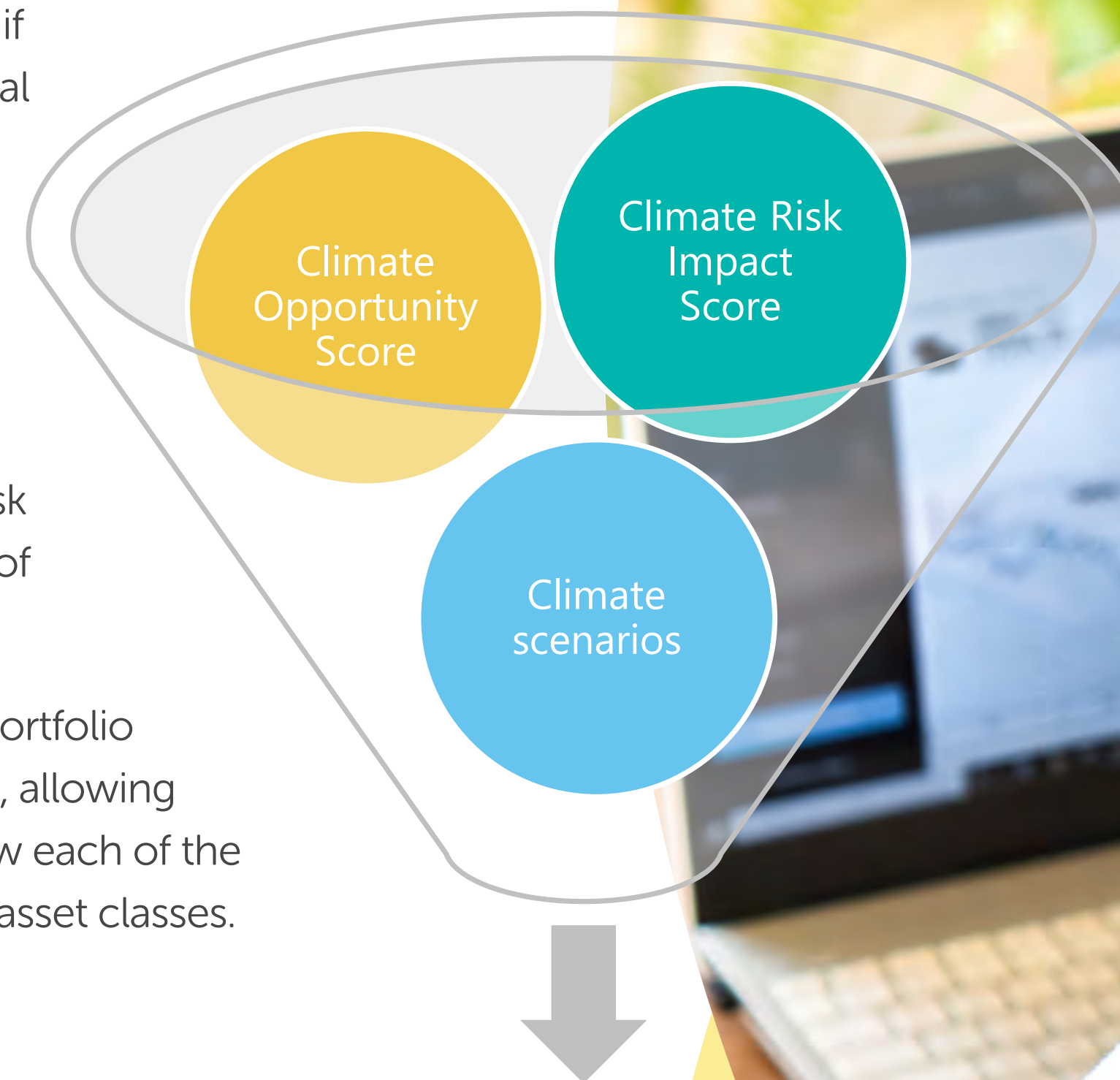
Strategy

Climate scenario analysis

Our climate scenario analysis assesses assets (and liabilities if applicable) in line with requirements under the Occupational Pension Schemes (Climate Change Governance and Reporting) Regulations 2021. The analysis focuses solely on climate-related attributes and combines a mixture of qualitative and quantitative assessment, considering each of the underlying investment's unique characteristics.

The analysis is built around two key metrics (the Climate Risk Impact Score and Climate Opportunity Score) and a range of climate scenarios.

The output from our analysis sets out how an investment portfolio performs against each of the metrics and climate scenarios, allowing you to compare these characteristics. We also consider how each of the underlying investments perform relative to their respective asset classes.



Implementation

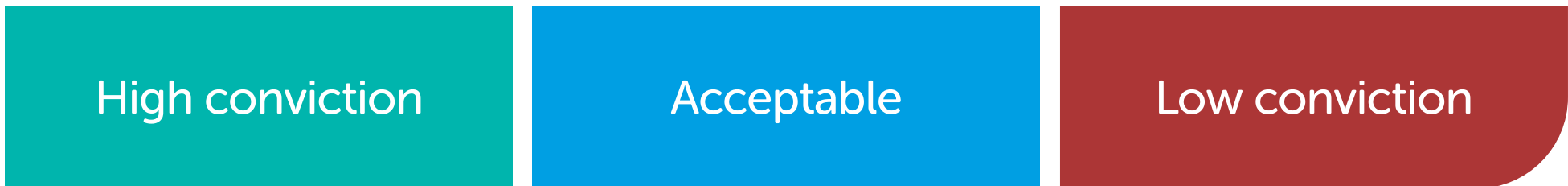
Investment manager sustainable investment ratings

The sustainable investment rating has been designed and assessed by the Manager Research Team and Sustainable Investment Team. The rating is made up of three sub ratings:

- Sustainable investment research
- Sustainable investment integration
- Stewardship

The rating is the outcome of a qualitative discussion by all members of the Manager Research Team where the managers’ sustainable investment approach is discussed in the context of the full fund.

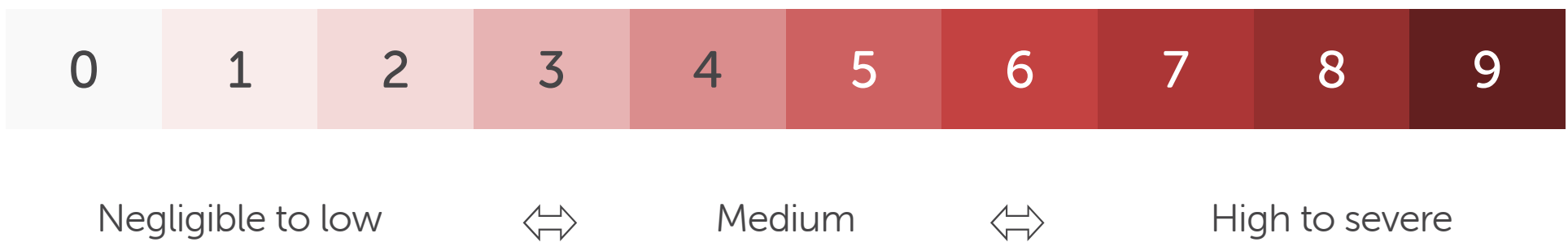
The overall rating and underlying sub-ratings will take the form of high conviction, acceptable and low conviction, as defined below.



We also score investments on their inherent climate risk exposure (“Climate Risk Impact Score”) and ability to capture climate-related investment opportunities (“Climate Opportunity Score”).

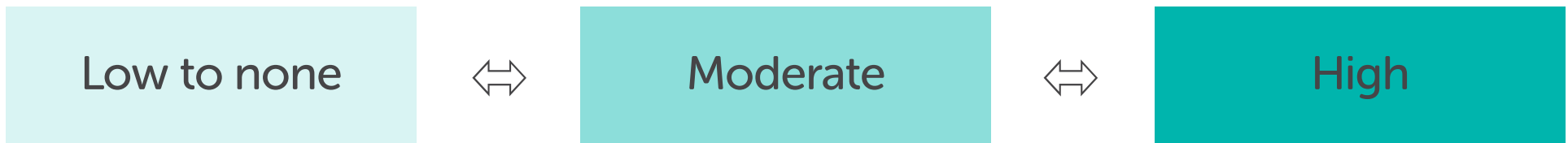
Climate Risk Impact (CRI) score scale

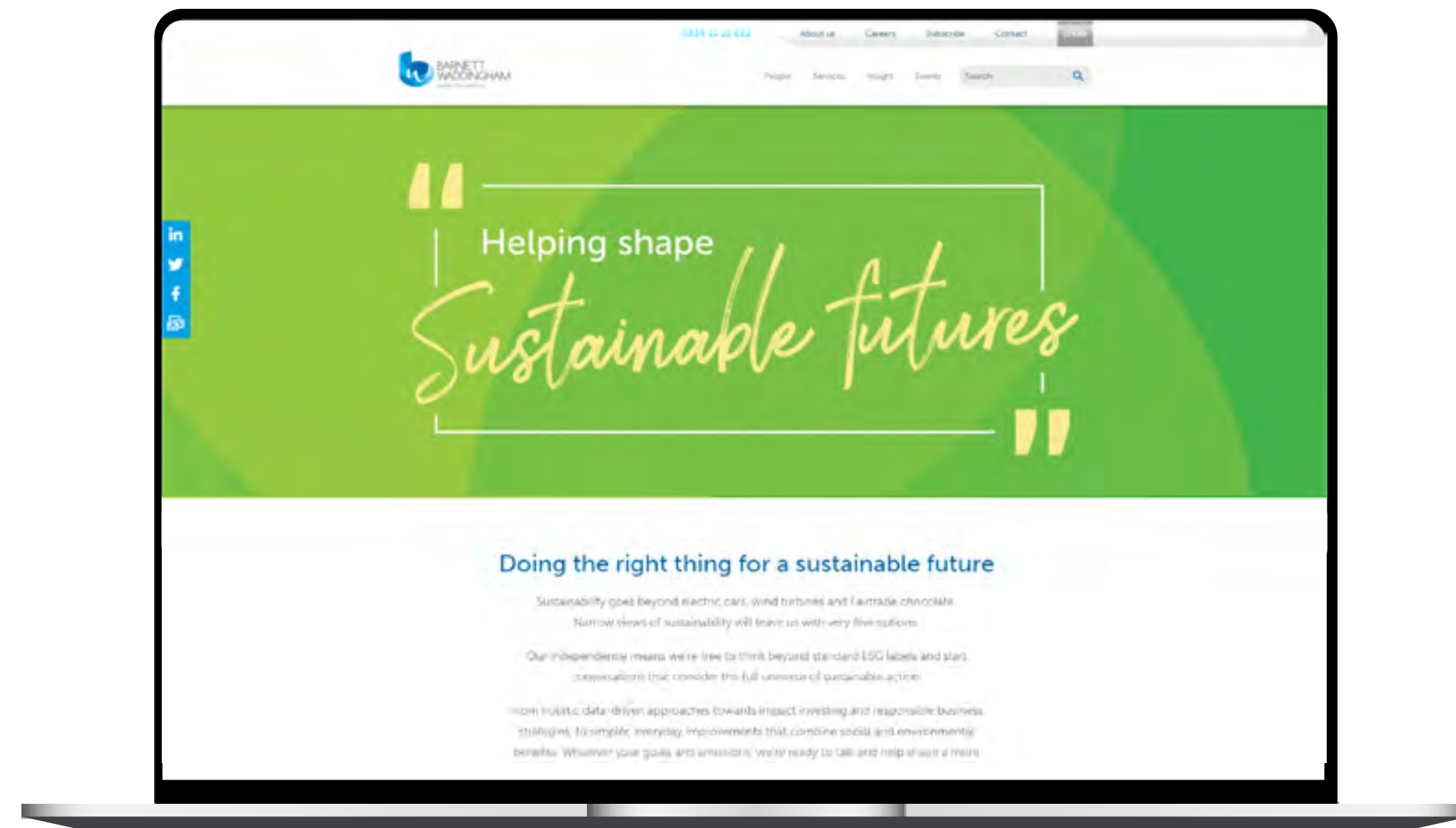
Expected potential per annum CRI over the long term allowing for physical and transitional climate risk.



Climate Opportunity (CO) score scale

Considers a fund’s ability (in terms of the assets it may invest in) to take advantage of opportunities that may arise from climate change.





Visit our sustainability hub for our latest insights
www.barnett-waddingham.co.uk/sustainability-hub/



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