

Tackling sustainability challenges through collaborative initiatives

At Willis Towers Watson, we believe that collaborative initiatives are important to address the critical and underserved sustainability challenges in investment markets, economies, society and the environment. We are proud to have real expertise on these topics across our organisation and we use those skills to collaborate with others with the aim of improving long-term outcomes for our clients. Some highlights of Willis Towers Watson's recent activities in this area include:

- The **Thinking Ahead Institute**, sponsored by Willis Towers Watson, promotes a purposeful, inclusive and sustainable investment industry that works for the benefits of the individuals that it serves. As a global not-for-profit innovation hub, it brings together some of the world's largest asset owners, asset managers and service providers to create positive change. Past working groups include understanding purpose and value creation, long-term investing, and sustainability portfolio construction. The Institute also works in partnership with the International Integrated Reporting Council, Santa Fe Institute, Pembroke College at the University of Cambridge, and does project work with the University of Oxford.
- **Willis Towers Watson's Capital, Science and Policy Practice** engages directly with the World Bank, the United Nations, the World Economic Forum, governments, regional trade associations, banks, and other non-governmental organisations with the mandate of mobilising the analytical capabilities of the insurance industry to confront large scale challenges of risk, including climate change. Specific examples of these engagements include:
 - Co-sponsoring events with the British Consulate in the US to advance insurance and related analytical tools and innovative finance approaches: Congressional Briefing at the US Capitol on Natural Hazard, Community Resilience and Economic Risk and the Resilience Roadshow 2.0 in selected North American coastal communities working to invest in adaptation and sustainability.
 - Organising a Community Resilience Finance Summit in Washington, DC, to assemble leaders across the range of disciplines, sectors, and levels of government to explore innovative mitigation and adaptation of finance approaches to support infrastructure investment and the sustainable and resilient recovery from disasters.
- **Willis Towers Watson's '1-in-100 Initiative'**: Successfully working with the G20 Financial Stability Board, Bank of England, US Treasury, IAIS and other authorities to propel reform on the disclosure of near-term climate and natural disaster related risks by financial institutions. We are also publicly committed to support the recommendations of the Task Force for Climate-related Financial Disclosures.
- Signatories to the **Principles for Responsible Investment (PRI)**. Willis Towers Watson is a member of the PRI working group for ESG/Sustainable Development Goals (SDGs) in Strategic Asset Allocation. This work aims to identify the ways in which ESG, the SDGs, and sustainability in general can be incorporated in the strategic asset allocation decision making process.
- We are members of the **Transition Pathway Initiative** which is a global investor initiative, looking to assess companies' preparedness for the transition to a low-carbon economy, and supporting efforts to address climate change.
- We have partnered with the **UK Association of Member-Nominated Trustees and the UK Sustainable Investment and Finance Association**, recognising Pensions Regulator guidance on the consideration of long-term sustainability and ESG factors for defined benefit and defined contribution schemes.
- Willis Towers Watson is a member of **ClimateWise** which aligns a global network of leading insurance organisations to enhance societal resilience to climate risk, convened by the University of Cambridge Institute for Sustainability Leadership.
- Members of the **Santa Fe Institute** including hosting events around climate change and long-term investing.
- Willis Towers Watson has a seat on the leadership group of the **Global Innovation Lab for Climate Finance**.
- Willis Towers Watson has partnered with MSCI to design an innovative new core equity solution – **Adaptive Cap ESG Universal** – that integrates ESG factors and ESG momentum in a simple, low-cost, and highly diversified pooled solution. It has been implemented as part of DC default strategies (including the MasterTrust LifeSight) and core DB allocations, with around £1 billion invested within the first six months.

- As part of **secure income and multi-asset solutions**, we have invested into a range of high quality, compelling investments that also benefit from having attractive societal and environmental impacts. Examples include climate resilience finance, advanced greenhouses for sustainable agriculture, social housing for vulnerable adults, waste-to-energy projects, cybersecurity and venture capital to harness world-leading scientific research.
- We employ the services of **Hermes EOS** to undertake public policy engagement on our behalf. Particular topics we have encouraged are carbon/stranded assets, corporate ESG disclosure and board governance. More recently, we have also appointed them to conduct corporate engagement and provide voting advice on the holdings in our flagship equity pooled solution, which targets equity outperformance through high conviction, concentrated, long-term mandates.
- Signatories to the **UK Stewardship Code** with a Tier 1 rating on our stewardship statement.
- **Willis Towers Watson Japan** published a book related to Stewardship Code & Corporate Governance Code and was one of the first institutions to support the Japanese Stewardship Code.
- Signatories to **Tomorrow's Capital Markets** which aims to promote long-term investing.
- Founding members of the **Diversity Project**, an investment industry initiative to attract and retain diverse talent.
- Willis Towers Watson is a member of the **Sustainability Leadership Forum** which engages sustainability leaders of global companies on environmental sustainability implementation challenges. Through collaboration, forum members identify and design viable change initiatives for their organisations.
- Willis Towers Watson's Environmental Practice sponsors **Wharton's Initiative for Global Environmental Leadership** which promotes knowledge for business sustainability.
- We created the **Natural Resource Risk Index**, which analyses the severity of impact and ease of management of the top 50 risks facing the natural resources industry, grouped into five megatrends and using data from 350 senior executives.
- The **Willis Research Network** (WRN) is at the forefront of insurance industry engagement with public science institutions. A range of flagship research projects have a significant climate change component affecting frequency and severity of events. WRN researchers recently won the Lloyd's Science of Risk Prize in the category of Natural Hazards.
- Willis Towers Watson sponsors the **Global Assessment Report** co-ordinated by the United Nations Office for Disaster Risk Reduction which is the first globally consistent and comparable risk assessment tool for a wide range of perils.
- Willis Towers Watson sponsors the **Global Risk Index** of the University of Cambridge's Centre for Risk Studies.
- Willis Towers Watson participates in the **Global Adaptation & Resilience Investment Working Group** looking to establish the Global Adaptation and Resilience Fund, supported by private sector investors and other stakeholders from institutional investors to corporations, start-ups, think tanks, advisory firms and development finance institutions.
- Tim Hodgson, founder of the Thinking Ahead Institute, was a member of the advisory panel for the **Patient Capital Review**, whose recommendations, addressing the barriers to accessing long-term finance for growing firms, were included in the UK's November 2017 budget. He has been a working group member of the World Economic Forum's project on Mitigating Risks in the Innovation Economy, and is currently on the integrated thinking task force for the **International Integrated Reporting Council**.
- Roger Urwin continues to engage with the **CFA Institute** to raise the profile of sustainability as a topic in the curriculum, and is Strategic Director of the Future of Finance initiative.
- Willis Towers Watson is a member of the US PA Chapter Board of **The Nature Conservancy** which is an environmental organisation advancing conservation around the world.

About Willis Towers Watson

Willis Towers Watson (NASDAQ: WLTW) is a leading global advisory, broking and solutions company that helps clients around the world turn risk into a path for growth. With roots dating to 1828, Willis Towers Watson has over 40,000 employees serving more than 140 countries. We design and deliver solutions that manage risk, optimise benefits, cultivate talent, and expand the power of capital to protect and strengthen institutions and individuals. Our unique perspective allows us to see the critical intersections between talent, assets and ideas – the dynamic formula that drives business performance. Together, we unlock potential. Learn more at willistowerswatson.com.



willistowerswatson.com/social-media

Towers Watson Limited (trading as Willis Towers Watson) is authorised and regulated by the Financial Conduct Authority in the UK.

Copyright © 2019 Willis Towers Watson. All rights reserved.
WTW-HP-2019-0134

willistowerswatson.com

Willis Towers Watson