BARNETT WADDINGHAM
beyond the expected

Helping shape

Sustainable futures

This sustainability report covers the period
1 January 2021 to 31 December 2021

Sustainability Report 2021

This report summarises our progress towards fully integrating sustainability including climate risks and opportunities into our business, into our operations, our services and our advice to clients.

We set out Barnett Waddingham's implementation of the Taskforce for Climate-related Financial Disclosures (TCFD) recommendations.

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Our commitment to Sustainability

Covid-19 and the UK lockdowns had enormous repercussions that will be felt across the economy for years to come. However, despite early optimism around plummeting carbon emissions, the impact on our climate has been fairly minimal.

To build back better and greener in the long-term and establish an economy that is more resilient, fairer and low carbon, improving quality of life and rebuilding livelihoods, climate change considerations need to be bedded into governance and decision-making for businesses and investors.

For BW, lockdown brought rapid change, allowing us to move forward quickly with technology and digital solutions that would have taken longer in the old world. We were already set up for smart working but the forced expansion in flexible working has shown many possibilities.

We see this post-Covid-19 period as an opportunity to be an even better firm than before, centring on doing the right thing, which for us includes having a positive impact on society.

> We now better understand our risks and what is really important to ensuring effective delivery to clients and the ongoing success of our business.

Doing the right thing

BW is a leading independent UK professional services consultancy working with clients across investment, pensions, risk and insurance. We offer a full range of professional services to pension schemes, charities and a range of corporate companies, including many insurance companies and other financial institutions who are material asset owners and managers.

We provide a broad range of actuarial and investment services to pension schemes and insurance companies. Our investment services include advice on setting investment objectives and policies, designing investment strategies, selection and monitoring of fund managers, oversight and evaluation of fiduciary managers and support with governance and considering sustainability and climate change. We also provide full administration services to pension schemes as well as specialist pension management and governance services.

Our work with corporates include a range of services in respect of employee benefits and well-being. In addition, our risk advisory, analytics and management decision analytics experts support clients across the business.

We are also a leader in the provision of self-invested personal pensions (SIPPs), through BW SIPP LLP, small self-administered pension schemes (SSASs), specialist executive pension plans (EPPs) and other retirement arrangements.

We continue to build our business on the basis of providing practical, tailored advice. We work in partnership with our clients to clarify and solve their complexities, in the right way.

> "As with everything we do, our promise to do the right thing is at the heart of our net zero carbon pledge and our wider sustainability strategy. For BW, sustainability is about focussing on meeting the needs of the present, without compromising future generations. We pledge to operate a sustainable business both now and for the long-term.
>
> Considering the wider impacts we can have on the communities we operate in are priorities for us, so we are building on our culture, and embedding sustainability & ESG across our organisation and ensuring all colleagues, clients and suppliers are actively aware, engaged and supported as we transition to a net zero world."

Andrew Vaughan
Senior Partner

Our ambition

Since the UK parliament declared a climate emergency in 2019 and became the first major economy in the world to pass laws to end its contribution to global warming by 2050, it's been clear major change is coming in the way we look at climate change across the whole economy.

In our role as consultants, we work with a wide range of employers, asset owners and asset and fiduciary managers. 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 that there are systemic risks to the markets that deliver investors good outcomes like climate change, biodiversity destruction and inequality, and we think every organisation needs to play its part to help move to a sustainable future.

So that is why we have made our own net zero commitment and set ourselves a number of sustainability goals as a business. We elevated sustainability as an organisational priority in response to these systemic risks. This enables us to drive focus and a consistent approach while ensuring Management Board (MB) level visibility and oversight of sustainability risks.

"We are developing a framework to select the best ecological and economical goods through all of our procurement activities as an organisation, including energy, construction, transport, catering, energy-using equipment and other services.

Lockdown also created a vast reduction in our paper usage as a firm. As responsible consumers, we aim to lock in these reductions and are now measuring our paper usage so we can reduce this over time.

We're looking at how we best measure and understand our impact, putting in place an environmental management system to accurately identify our environmental performance and enable us to make precise improvements."

Michelle Robertson
Operations Manager

Net zero commitment

From 1 June 2021 we will be net carbon neutral for Scope 1 and 2 emissions, having made a significant reduction in our footprint by reducing emissions across the business.

We pledge to continue to do the right thing to reduce our carbon footprint, only using high quality, nature-based offsets to achieve neutrality. And we commit to being operationally net zero, including all indirect emissions that occur in our value chain (Scope 3), by 31 May 2025, if not sooner.[1] At the same time, we are integrating net zero into our advisory services, so we can help clients understand the risks and opportunities coming from climate change. As advisers to more than £80bn of client assets, we will support investors to consider net zero alongside their investment objectives, managing risk and seeking returns through the transition to a low carbon economy.

1 We exclude assets under advice from Scope 3 calculations and provide reporting on our progress on net zero advising under the NZICI framework. We also exclude the SIPP and SSAS assets we administer on behalf of our clients from our Scope 3 calculations.

Collaboration and engagement

We think that collaborating with other organisations and firms, including other investment consultants and actuarial advisers, can help to deal with system-wide issues. That's why we are members of the Investment Consultants Sustainability Working Group (ICSWG), to support and accelerate sustainable investment initiatives. We are actively involved across the Asset Owners, Stewardship and Regulation workstreams producing guidance for investors on sustainability and better engagement, as well as responding to government, regulator and other consultations to influence sustainable outcomes for our industry.

As members of the ICSWG, BW worked closely with other consultants and stakeholders to craft a collaborative global commitment for investment consultants on net zero. The Net Zero Investment Consultants Initiative (NZICI) is endorsed by the United Nations Race to Zero campaign and supported by the Principles for Responsible Investment (PRI).

The commitments developed for the NZICI are designed to facilitate alignment with the UN-convened Net-Zero Asset Owner Alliance, the Net Zero Asset Managers Initiative and other signatories of the Race to Zero campaign. We work together with other signatories of net zero initiatives as part of the Glasgow Financial Alliance for Net Zero (GFANZ). The NZICI sets out nine actions that investment consultants will take to support the goal of global net zero greenhouse gas emissions by 2050 or sooner, in the context of legal and fiduciary duties and specific client mandates, including integrating advice on net zero alignment into all our investment consulting services within two years.

We have committed to align our operations and advisory services with the 1.5 degree emissions trajectory outlined in the Paris Agreement. We are members of the global Steering Group and provide active input to the Reporting workstream, building the reporting framework for NZICI, and on the External Relations workstream, building engagement with the initiative.

We are also members of the Pensions Climate Risk Industry Group (PCRIG), a cross-industry group that produces guidance for pension schemes on how they can adopt the Taskforce for Climate-related Financial Disclosures (TCFD) recommendations on climate governance and disclosure. And we are actively involved in sustainability working groups and boards for the Institute and Faculty of Actuaries (IFoA), the Association of Consulting Actuaries (ACA) and other organisations.

BW also respond to government, regulator and industry consultations as a firm, using our voice and technical knowledge to help shape a sustainable future.

> "Our independence means we are free to use our diverse professional skills to add value and expertise for clients across all areas of sustainability including investment, risk management and health & wellbeing in the workplace. We are also helping clients define and achieve their sustainability goals and support climate governance and communications.
>
> And we know a systemic change like net zero can only be achieved by working together, so we are collaborating with others looking to go further, faster in moving to a sustainable future."

Scott Eason
Lead Sustainability Partner

Climate change risks

The science on climate change is clear and informs our view as a firm.

Changes in the climate are expected to give rise to both acute physical effects (such as increasing severity and frequency of extreme climate change-related events like fires, floods, landslides and storms) as well as chronic effects (long term progressive shifts in climate like changes in precipitation, extreme weather variability, ocean acidification, rising sea levels and average temperatures).

At the same time, attempts to limit global warming to an increase of less than 2°C are expected to lead to aggressive mitigating actions and changes in policy to rapidly decrease CO_2 emissions.

Financial impacts

Financial impacts from climate change for businesses and investors include:

- **Physical:** financial losses as a result of damage to land, buildings, stock or infrastructure owing to physical effects of climate change.
- **Transition:** financial losses coming from disorderly or volatile adjustments to the value of listed and unlisted securities, assets and liabilities in response to other climate-related risks including impacts from local, national or international policy responses to climate change.

These could all drive short-, medium- and long-term financial impacts on our clients and our business. We monitor and identify systemic sustainability risks at firm level and within our business areas.

Climate change presents a broad set of complex and interconnecting system-wide risks. And climate change risks are risk multipliers, driving existing risks.

These risks materialise in wide-ranging and interconnected ways, like significant readjustments to market values and flows of capital, new regulations and policies to internalise previously unaccounted costs, changing consumer preferences, extreme weather events, environmental damage, changing patterns of land use, political instability and large-scale migration.

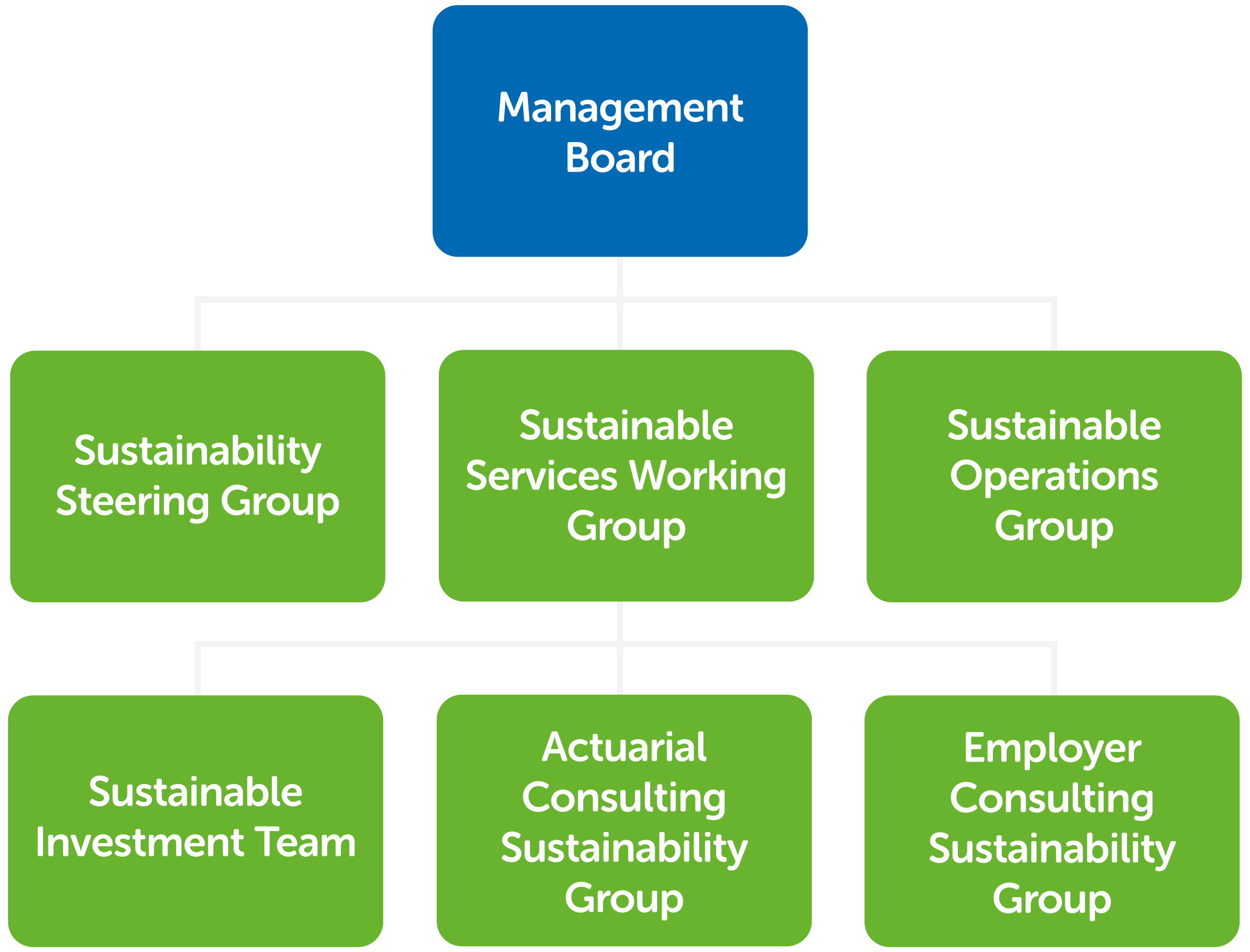
Governance

Recommended Disclosures

a) Describe the Board's oversight of climate-related risks and opportunities

b) Describe management's role in assessing and managing climate-related risks and opportunities.

Our governance structure is led by MB who oversee our activities, having set the overall direction of the business, our key objectives, and the strategies to deliver. MB comprises eight partners, three of whom are elected. The board has an independent chair to ensure constructive discussions take place, in order to reach the right decisions and to bring an external and independent view ensuring there is appropriate challenge.



Our leadership team and colleagues at BW are all aware that we must take and manage risk in order to grow and survive. 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 have a formal risk management framework and policy.

BW has an open, transparent and blame-free culture and expects Partners, Principals, Associates and staff to freely identify and discuss risks. Where there are sensitive risks, appropriate channels are available, including reaching out to the Professional Risk and Compliance Committee (PRCC) or MB members.

MB is ultimately accountable for risk management for BW. The board defines our risk appetite, leads by setting the culture for the firm and ensures key risks are appropriately managed within our risk appetite. MB is also responsible for setting high-level strategy and approving the opportunities to pursue.

Sustainability Steering Group

Following identification by MB of sustainability as a strategic priority in 2020, MB set up our Sustainability Steering Group (SSG) to establish, drive and manage BW's sustainability strategy.

Our Sustainability Steering Group (SSG) is responsible for designing and implementing BW's sustainability strategy including client-facing sustainability services, the impacts and sustainability of our business as a whole and our operational approach. The group is also charged with sharing sustainability knowledge and our planned actions across business areas, ensuring full engagement while supporting colleagues to help our clients. The SSG is chaired by Scott Eason, Lead Sustainability Partner.

Our SSG is responsible for identifying, managing and mitigating or eliminating sustainability risks in connection with BW's operations and corporate activity, while also ensuring 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. MB oversight is provided by Alex Pocock, Interim Managing Partner, who attends all meetings of the SSG. SSG also reports quarterly to our MB on progress against our goals and objectives.

SSG produces an annual paper setting out an analysis of climate-related risks and recommendations to MB on climate-related goals and aims. Final decision-making on our sustainability strategy rests with MB.

Sustainable Services Working Group

Within our business areas we have project teams and groups working on sustainable services for our clients; we also have a firm-wide Sustainable Service Working Group (SSWG). This group, made up of colleagues from insurance and longevity, employer consulting and wellbeing, public sector pension consulting, investment consulting, actuarial consulting and pensions management. This group works to ensure knowledge sharing, joined-up offerings and efficient development and delivery of services to our clients. The SSWG is also chaired by Scott Eason, Lead Sustainability Partner and Chair of the Sustainability Steering Group.

Sustainable Operations Group

Headed by Operations Manager, Michelle Robertson, our Sustainable Operations group works to deliver our environmental strategy. The team is tasked with developing our environmental management system to accurately identify our environmental performance and enable us to make precise improvements as we look to reduce our emissions over time. We undertake regular Environmental Impact Assessments, with the most recent occurring in 2021, to understand our Scope 1 direct emissions from our buildings. Please see Metrics and Targets for more detail on our approach to reducing emissions.

The team also lead on sustainable procurement, adding sustainability and climate change to our supplier questionnaire so we can select the best ecological and economical goods through all our procurement activities as an organisation, including energy, construction, transport, catering, energy-using equipment and other services.

Business Area teams and projects

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

RISK REGISTER

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

Risk management

Recommended Disclosures

a) Describe the organization's processes for identifying and assessing climate-related risks.

b) Describe the organization's processes for managing climate-related risks.

c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.

As an evergreen business that has supported our clients for more than 30 years and expects to continue to grow and support even more UK investors and businesses into the future, we consider climate change over the short-, medium- and long-term. We used our firm's four-stage risk management process to consider climate change: Identification, Assessment, Treatment, and Monitoring (see Figure 1).

We applied this process across three scenarios and three time horizons to consider the potential financial and strategic impacts on our business as a result of climate-related developments and events.

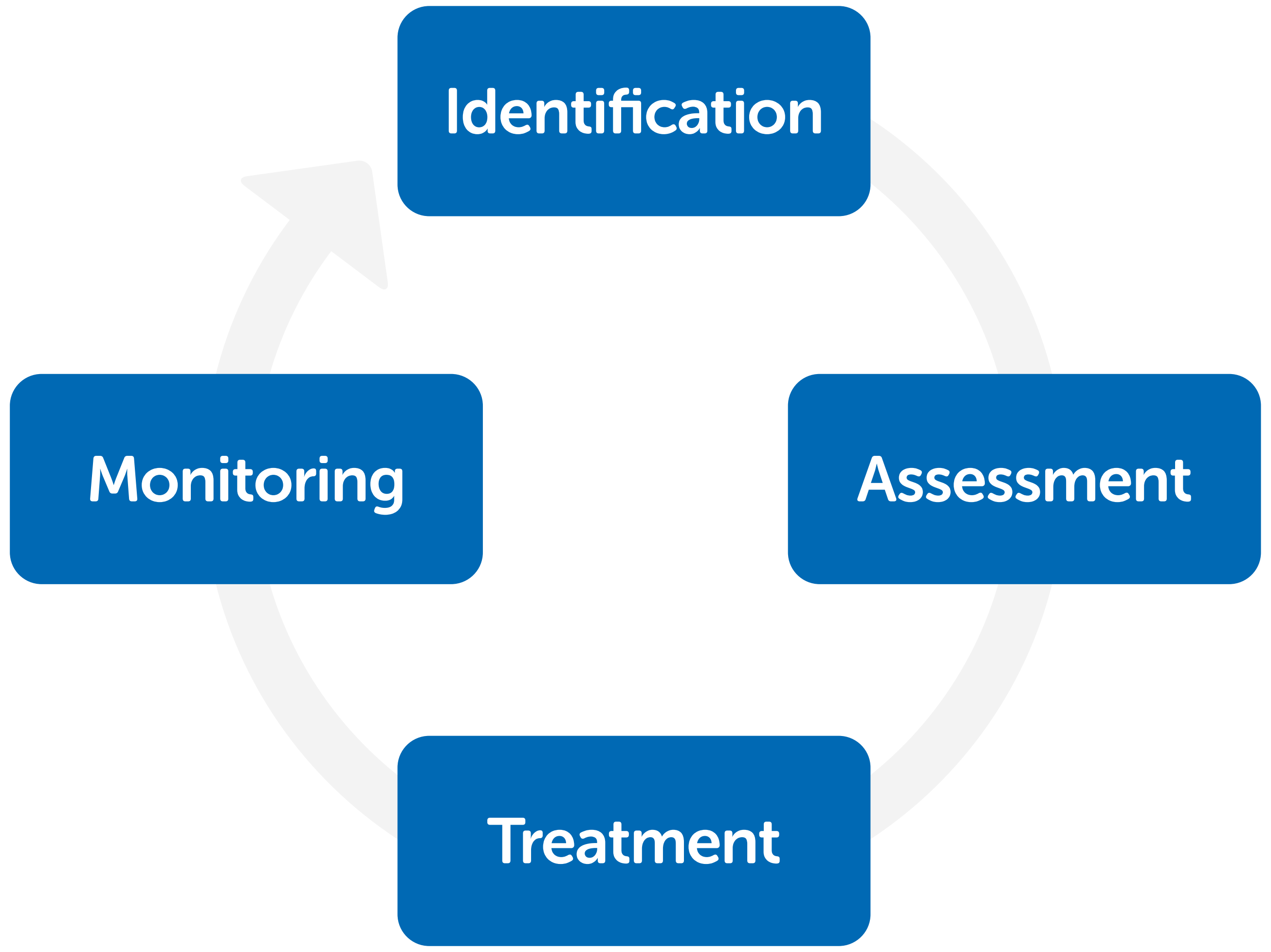


Figure 1 - Barnett Waddingham's risk management process

Identification

We use a number of sources to identify climate risks and opportunities and to assess their materiality for our business, including:

- Publications, data and research on climate change
- Relevant articles and papers on the impact of climate change on the financial service industry
- TCFD guidance as well as guidance from financial regulators and industry groups

Following initial identification, we consider the likelihood and impact of each risk and opportunity to understand their materiality for BW. We plan to update our risk assessment as additional flows of information become available, like improved climate data and modelling, and as the policy and physical environments we operate continue to change.

Assessment

In 2021, we held workshops to consider climate risks and opportunities for our business initially with the SSG and then with our MB. We chose three scenarios (see Figure 2) to understand the resilience of our business to climate change, considering how the impact and likelihood of our material risks and opportunities might change in each scenario. We selected the particular scenarios to:

- Align with the Bank of England climate scenarios used to stress test the financial sector
- Meet the TCFD recommendation to consider a number of scenarios including one representing 2°C or lower
- Enable consideration of physical and transition risks over the three time horizons we chose.

Scenario A	Temperatures are below 2°C by 2100 - There is a sudden disorderly transition before 2050.
Scenario B	Temperatures are well below 2°C by 2100 - Long-term orderly transition that is broadly in line with the Paris Agreement.
Scenario C	Temperatures exceed 4°C by 2100 - A continuation of current trends with no transition.

Figure 2 - Climate scenarios

We also chose three time horizons between now and 2050. We use 2050 as our backstop, as we are a UK firm with UK-based clients and the UK government has committed to a net zero economy by 2050.

- **Short-term:** 2021 to 2026
- **Medium-term:** 2026-2036
- **Long-term:** 2036-2050

We know climate change is an issue that manifests over decades so we consider different time horizons in our climate impact modelling, particularly when compared to our usual business cycle modelling and risk management framework. We use impact and likelihood ratings from our existing risk management framework in order to be able to embed climate risk into our risk management processes. This allows us to assess climate-related risks relative to other risks within the risk universe using our existing tools.

Treatment

We established our sustainability governance structure and its various groups to develop our response to our emerging climate risks and opportunities and to develop climate capability and resilience for BW. The groups are tasked with defining controls and monitoring metrics to make sure the appropriate decisions on mitigating, transferring, accepting, or controlling the climate-related risks are made.

Monitoring

Monitoring of risks is an ongoing process conducted by Business Area leads and/or risk owners together with PRCC. This includes considering and identifying emerging risks and what key risk indicators need to be in place to monitor the risk. The process of risk management is cyclical, and the results of the monitoring feed back into future identification, assessment and treatment of risks. Risks are not static, so we manage them in a continuous process.

CONSIDERING CLIMATE RISKS

A fringe group of climate activists has attacked your business, holding your data hostage and they say this is because many of your clients hold investments in fossil fuels. What are you going to do?

Our leadership team faced up to this climate scenario exercise in June 2021, considering the impacts of a climate-driven cyber attack on our business to bring climate change risks to life.

Following the exercise, a number of recommendations were made to enhance the resilience of the firm. These recommendations have been prioritised and we have put an action plan in place to drive improvements.

Strategy

Recommended Disclosures

a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.

b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.

c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

In the reporting period, we integrated climate into our risk framework, defined our climate risk preference and incorporated climate risks into our upcoming business plans, to facilitate risk-based decision-making.

We have identified climate impacts that are already being felt, so we are acting now to mitigate and manage climate impacts today and in the future through our own net zero commitment.

As a business, our clients come from all sectors and areas of the economy from public and private companies, public sector organisations, investors including trusts, endowments, pension schemes and family offices, as well as private individual savers.

Like the 'universal owner' we advise across a number of sectors and our clients invest in global markets so we are broadly impacted by the systemic risks from climate change. Our continued success as a business relies on our colleagues being safe and well, functional infrastructure, as well as political stability and policy clarity.

We identified 7 risks and 2 opportunities that could materially impact our business; risks that could impact our strategy, operations and finances as well as opportunities to improve our financial performance and our impact on the climate. We set out the time horizons over which these risks and opportunities arise and the potential impact under the three scenarios.

With our people and our technology we expect to be able to adapt and take advantage of advisory opportunities under all 3 scenarios so our business and strategy should be resilient in each scenario. However we think Scenario B, a long term orderly transition, is the one offering the greatest opportunity for the least risk.

	Description	Challenges	Time Horizon	Impact	Actions
Transitional Risk	Risks that arise as a result of the global governmental and economic shift toward a low-carbon future, including policy and regulatory risks, technological risks, market risks, reputational risks and legal risks. This could mean that some sectors of the economy face big shifts in asset values or higher costs of doing business.	Increased regulatory and reporting requirements for clients and/or BW and policy changes to account for previously unpriced externalities impact clients' ability to operate profitably and engage BW or pay for our services or for BW to operate profitably Changes in client and prospect behaviours seeking more sustainable advisers and providers Competition and disruption from new entrants focussed on sustainability entering the market without incurring transition costs Staying ahead of potentially rapid policy changes and continuing to support our clients	**Short-term:** 2021 to 2026 We are already seeing in 2021: - Increased climate regulation and reporting across our business areas and for ourselves. - Regular requests for information on our approach to sustainability when we tender for work.	We consider transition risks have a lower impact on our business under Scenario B and the greatest impact in Scenario A. In 2022, we will look to quantify this impact.	Set out sustainability as a strategic organisational priority. Established clear governance for identifying and managing risks and opportunities to our firm as a whole through the Sustainability Steering Group reporting to the Management Board.
Physical Risk	Risks arising from chronic changes, or long-term shifts in climate patterns; as well as acute events, which may increase in severity or frequency in light of chronic changes. These events impact society directly and have the potential to affect the economy. As weather-related insurance claims rise, insurance companies have more to pay out, increasing everyone's premiums. If companies and households are not insured, they need to foot the bill themselves. In both cases, the consumer ends up paying more.	Alterations in weather patterns and stability of local ecosystems affecting food production and living environment, reducing GDP and impacting BW and our client's abilities to operate profitably Rising temperatures affecting working conditions, living conditions and local infrastructure, impacting BW and our client's abilities to operate profitably. Rising sea levels affecting local ecosystems, increasing subsidence and flood risks, including damaging local infrastructure, impacting BW and our client's abilities to operate profitably.	**Long-term:** 2036 to 2050 While we have seen some increased events like flooding and storms in the UK, most of the physical impacts of climate change are expected to occur over the long-term, with many predictions looking at conditions in 2100.	We see physical risks as having the greatest impact in Scenario C, with a lesser impact in Scenario B and will look to quantify these impacts in 2022.	BW's net zero commitment, both for our operations and our advice to clients, looking to reduce all emissions over time and off-setting any remainder using high-quality UK nature-based projects. Established clear governance for identifying and managing risks and opportunities to our firm as a whole through the Sustainability Steering Group reporting to the Management Board.
Opportunities	The changing conditions for business and the developing policy environment as we move to net zero creates opportunities.	Providing new services to clients like supporting investors and companies to embed TCFD recommendations. Advising clients on investing in companies and assets that may benefit as we transition to a low carbon future.	**Short-term:** 2021 to 2026	Regardless of Scenario, we see significant opportunity for our services in the transition to a low carbon economy and beyond, however Scenarios A and B will present greater opportunities for advising where this is related to regulatory requirements.	Our Sustainable Services Working Group, along with business area and project teams, identify and develop new services and investment research and strategies.

Table 1 - Barnett Waddingham's climate-related risks and opportunities

We have seen climate change risks materialising during this reporting period and have considered how we might mitigate and manage impacts on our clients and own business. Flooding in the UK and continental Europe affected our colleagues and clients in 2021, while we observed other transition and litigation risks begin to impact on businesses and investors.

> We will continue to develop our thinking on these scenarios and how they will impact our strategy as a business over the coming year, using the expertise of colleagues across our business in risk management, data, analytics, actuarial and management consulting to further develop our TCFD framework and sustainability strategy.

Physical

Record-breaking flooding in Germany and Belgium in the summer of 2021, causing loss of life, widespread damage and economic disruption. The intensity and scale of the floods shocked climate scientists who did not expect records to be broken by so much, over such a wide area and ahead of predictions.

Transition

The EU's expansion in 2021 of the Emission Trading Scheme (ETS) making companies pay for the cost of carbon, including the car industry and domestic heating and the carbon border adjustment mechanism (CBAM) requiring goods imported into the EU to be covered by equivalent carbon pricing applicable to production of the same goods within the European Union, under the ETS. These policies increase the cost of production, affecting businesses and consumers.

Liability / litigation

In a ground-breaking ruling in 2021, a Dutch court held Royal Dutch Shell (RDS) responsible for its role in the climate crisis, ordering it to reduce absolute emissions from its global operations by 45% in under ten years. RDS launched an appeal, saying this was only possible by reducing the size of the business and instead RDS targets reducing carbon intensity (allowing overall emissions to continue to increase).

Figure 3 - Examples of climate change risks materialising in 2021

Metrics and targets

Recommended Disclosures

a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.

b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.

c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

In 2021, our focus has been on our net zero commitment – measuring and reducing our operational emissions and offsetting our Scope 1 and 2 emissions to achieve net zero. The main metric we use is our carbon footprint, measured in tCO_2e (tonnes of carbon dioxide equivalent). We have set ourselves a number of targets for our carbon emissions.

Our Targets

2021 Target	Reduce emissions to net zero from operations including our own activities and the energy we purchase (Scope 1 & 2)
2023 Target	Integrate advice on net zero alignment into all our investment consulting services
2025 Target	Reduce Scope 3 emissions to achieve net zero across our full carbon footprint[2]

We report against our 2021 and 2025 targets as part of our annual report and accounts, with an expanded Streamlined Energy and Carbon Reporting (SECR) report. For our 2023 target on net zero advice, we are working with the NZICI on the reporting process and will make our first report in 2022.

Reducing emissions to net zero from our operations

This data relates to emissions during the 12-month period from 1 June to 31 May. This period is different from the TCFD Report which is 1 January 2021 to 31 December 2021.

2 We exclude assets under advice from Scope 3 calculations and provide reporting on our progress on net zero advising under the NZICI framework. We also exclude the SIPP and SSAS assets we administer on behalf of our clients from our Scope 3 calculations.

Table 2 - GHG emissions for the period 1 June 2020 to 31 May 2021 (UK and offshore)

	2020-21 Tonnes CO_2e	2019-20 Tonnes CO_2e	Included in 2021 Net Zero Commitment?
Scope 1 Combustion of gas	None	None	N/A
Scope 1 Combustion of fuel for transport purposes	None	None	N/A
Scope 2 Purchased electricity, heat, steam, and cooling (location-based)	848	608	Yes
Scope 3 Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel	3	79	Yes
Scope 3 Emissions from staff commuter journeys[3]	1000	1000	Yes
Scope 3 Other emissions	Not yet calculated	N/A	No
Total gross based on above	1851	1687	
Intensity ratio - revenues (per £million)	16.3	15.7	
Intensity ratio - people (per FTE)	1.5	1.5	

3 Commuter emissions have not been recalculated in 2020-1 but we intend to do so in 2021-2.

Methodology

We have followed the guidance on Environmental reporting guidelines including Streamlined Energy and Carbon Reporting requirements[4] for our current reporting year.

We purchase most of our electricity directly and have used kWh figures from our providers combined with the government conversion factors for carbon emissions. We purchase carbon neutral electricity from our suppliers but have included the full emissions in this report. For some offices not all invoices over the year were available for use, and where this occurred, we applied an average of the consumption over the known months.

In two offices, we directly purchase the gas for heating. We have used the kWh from our provider and the government conversion factors.

For the other offices, we rely on the data provided by our landlords for the total gas usage and our portion of electricity usage in common areas.

4 https://www.gov.uk/government/publications/environmental-reporting-guidelines-including-mandatory-greenhouse-gas-emissions-reporting-guidance

They do not provide data that is directly usable for SECR reporting. We do not have sub-meters in any office and so have made estimates. With our landlords and own buildings experts, we have made assumptions about what parts of the service charges are for heating and for electricity. These percentages are different for each office based on the use and design of the building.

We have estimated kWh from the invoice amounts using the BEIS Gas and electricity prices in the non-domestic sector[5] using an average of the last four quarters. Carbon emissions are estimated from this based on the government conversion factors.

We extracted data on business travel data from our finance, expenses and travel booking systems. Where we do not have journey information we have estimated typical journeys separately for each office based on conversations with staff and business leaders.

We determined commuter estimates based on information held on our staff database in respect of locations plus staff surveys carried out in 2019-20 on the frequency of commute and mode of transport used.

We used the relevant Government conversion factors for company reporting of greenhouse gas emissions[6] to convert distance into carbon emissions. In most cases, we have information about the type of vehicle used; where this is missing, we used the 'Average' from the tables.

Actions taken

We achieved carbon neutrality on Scope 1 and Scope 2 emissions from 1 June 2021 through planting willow trees in England via our selected carbon-offset partner. We identified that commuting emissions (part of Scope 3) are greater than our Scope 1 and Scope 2 emissions and therefore went further than our initial pledge and included a value for these Scope 3 emissions in our offsetting.

In our Amersham and Birmingham offices, we took advantage of our roof access and installed the maximum number or solar panels to collect energy that can be reused in our buildings. We also buy green energy and keep our energy use as efficient as possible through our management systems and effective product life cycle green replacements.

5 https://www.gov.uk/government/statistical-data-sets/gas-and-electricity-prices-in-the-non-domestic-sector

6 https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting

We are proud of our waste and recycling management as we only have less than 2% of all waste from our business operations that is not recyclable. However, we are taking steps to reduce this further as we improve our green procurement. In all of our offices, we have ample recycling stations that enable us to collect and separate our waste before sending for appropriate recycling. This includes all paper and cardboard, food packing and wrapping, mixed recycling, plastics, batteries and toners. Individual waste bins have been removed and staff are encouraged to separate waste and use the various recycling bins. Recycled paper bins are placed next to all printers and at other strategic office points to encourage paper recycling rather than using general waste bins, which have been reduced in size.

> We do not order single use plastics. For example, we have removed all plastic cups, replaced all pens with recycled options, insist on crate deliveries and purchase items such as liquid soap in refillable bottles.

We also offer a wide range of benefits to our employees to enable them to choose the benefits that are most valuable to them. We look to encourage active lifestyles and actions that reduce carbon emissions. For example, we participate in the Cycle to Work scheme and have extended our Sports Membership allowance to include online classes so that employees do not have to travel to destinations to participate in exercise classes.

Achieving our targets

BW is committed, through our environmental policies, to the operation of an Environmental Management System (EMS) that meets the standards of ISO14001:2015 framework and elicits the following outcomes:

- Enhance environmental performance by preventing or mitigating adverse environmental impacts;
- Fulfil compliance obligations by mitigating potential adverse effects of environmental conditions;
- Achieve environmental objectives by controlling or influencing the way our products and services are designed, manufactured, distributed, consumed and disposed.

It is our goal to reduce our (pre-offset) carbon footprint significantly by 2025 and we have or are implementing many measures to achieve this.

There are 4 key strands to our sustainability strategy:

- Minimise office waste and non-renewable energy
- Use suppliers who share our vision on sustainability
- Provide our staff with the opportunity to make an impact
- Help our clients on their sustainability journeys

We are creating a sustainable procurement process to ensure we achieve our best practice in securing environmentally friendly products. We are also working to achieve optimal sustainability practice by planning ahead, managing demands and ensuring we are buying through networks with strong green ethics and achievements.

We are in contractual negotiations to include leasing of Electric Vehicles (EV) as a flexible benefit and expect to be able to offer this from April 2022. We are installing EV Charging points at two of our sole occupied offices to support the use of electric and hybrid vehicles. We will be working with our building management teams and landlords to inspire similar charge points to be installed in our offices where we are not the sole tenant.

We are also working to meet our commitment through the NZICI on embedding net zero into advice for clients.

BARNETT WADDINGHAM
beyond the expected

Please contact your Barnett Waddingham consultant if you would like to discuss any of the above topics in more detail. Alternatively get in touch via the following:

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0333 11 11 222

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