



# Responsible Investment and ESG Due Diligence Information

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# Responsible Investment: our approach

Investors and regulators alike are increasingly focused on environmental, social and governance (ESG) matters and under this scrutiny, the need for advisers to undertake robust due diligence of providers of products and services is greater than ever.

**This document is designed to provide information on WIM's approach to responsible investment and our corporate governance, to assist the due diligence process for financial advisers seeking to outsource investment management to a third-party.**

We are thoughtful, long-term investors and responsible stewardship of client capital is at the core of our business. We aim to create long term value for our clients while also contributing to better behaviours and positive change. This requires careful consideration of Sustainability in all its forms.

## **An integrated approach**

We firmly believe the assessment of environmental, social and governance (ESG) factors is an integral part of good fundamental investment research, rather than something new to consider or part of a separate process. Governance is central to delivering a sustainable business in all its forms (durability, returns for shareholders, improving ESG standards) and has therefore always been a core part of our analysis. Similarly, when considering other relevant factors that could impact a company's ability to generate free cash flow over the long term, it is impossible to ignore material environmental and social factors that could have significant operational and financial consequences for its business.

ESG factors are, therefore, intrinsically linked to the long-term returns of an asset and we employ a bespoke materiality framework that helps identify, prioritise and assess the most material issues of the companies in which we place our clients' capital. It is adapted from the Sustainability Accounting Standards Board's materiality framework and is based around five sustainability pillars: Environment; Social Capital; Human Capital; Business Model & Innovation; and Leadership & Governance.

This framework ensures relevant material issues within specific industries are identified and investigated in a consistent manner across the Investment team and provides a more formal foundation for our engagement activities. Focusing on material ESG issues when evaluating a company's performance with regards to ESG factors, is also a far more effective way to assess real-world environmental and social outcomes.

## **Non-exclusionary**

Meaningful change on a global scale will take time and we believe this necessitates a pragmatic approach. At the corporate level we have chosen not to implement blanket exclusions and prefer to engage actively with companies in all industries and focus on their direction of travel. Where we identify concerns, we use engagement and voting to help influence or encourage better behaviours and report progress to clients in our annual Engagement & Voting Report.

This approach provides us with the flexibility to invest not only in those companies with strong ESG credentials today, but also well-managed businesses that we believe will successfully adapt to/mitigate ESG risks over time, and/or those that form a critical part of the transition solution.

# Responsible Investment: our approach

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The latter two categories are often where most value is to be found and whose contribution to positive sustainability outcomes is often overlooked. However, we are able to implement negative screens for those clients with bespoke mandates wanting to reflect their own ethical values as a complement to our core process.

**Specialist ESG data**

The Investment team has access to specific sustainability resources through Morningstar (third party funds), Moody's (credit), our membership of CDP and ESG/Climate risk data from MSCI (multi-asset). ESG ratings are not, however, used as a decision driver in either our security selection or portfolio construction.

“Our detailed analysis into strategies and emissions disclosure, as well as target revisions, indicates that almost all companies face multiple challenges and are still early in their journeys to reaching net zero commitments by 2050. In turn, our financed emissions are beholden to these.”

**Our approach to managing climate-related risks and opportunities**

Assessing climate-related risks and opportunities is part of our integrated ESG approach. The long-term financial sustainability of a company cannot be properly assessed without considering the impact that climate risks (transition to a low carbon economy) could have on its business model and ability to generate and grow free cash flow in the future. Similarly, the physical risks a company could face by virtue of the location of its operations, exposing it to greater risks from climate change and/or severe weather-related events, could also impact its growth potential over time.

Well-managed companies are more likely to be forward-thinking in their allocation of capital, constantly assessing innovative technology and practices to mitigate transition and physical climate-related risks, and with effective business contingency plans in place in the event of severe weather-related damage and disruption.

We published our first Task Force on Climate-related Financial Disclosures (TCFD) report in 2024 (covering performance for WIM Investment Management, formerly Waverton Investment Management). This included data for Scope 1, 2 and 3 emissions and carbon intensity for our own operations and our financed emissions (focusing initially on our

Equities AUM which accounts for more than two thirds of total company assets). We have made the decision, however, not to publish GHG emission reduction targets of our own, nor to commit to a net zero target at this stage. We explain our reasoning for this in the Risk Management section of our TCFD report, highlighting the shortcomings of the Implied Temperature Rise (ITR) and Climate Value at Risk (CVaR) metrics, and the ongoing changes to model methodologies and inputs.

In addition to reporting the carbon data and intensity metrics of our direct equity holdings, we actively monitor, and engage with, the companies that are not only the largest contributors to our financed emissions, but also having a greater impact on the global carbon footprint. For instance, in 2024, just 15 companies accounted for almost 90% of WIM Investment Management's financed emissions.

# Responsible Investment: our approach

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## Engagement

Direct dialogue with company management has always formed an important part of our investment process and, as long-term investors, we aim to build constructive relationships that facilitate a deeper understanding of a company's business model and strategic direction, as well as a fuller assessment of corporate culture and governance standards. We are pragmatic in our approach and focus attention on the aspects of engagement where we believe we can be most effective in influencing or encouraging better behaviours, whether in relation to a company's management of specific ESG issues or improvements in public disclosures.

We also participate in collaborative engagement initiatives with other investor groups to drive an improvement in the availability, reliability and consistency of corporate disclosures on environmental impact, the prerequisite to a more accurate assessment of companies' current performance and their progress against targets. WIM is a member of two leading climate initiatives focused on improving corporate disclosures – Climate Action 100+ and CDP.



 [View WIM's Responsible Investment Policy](#)

[More information is available in the Document Library](#)

\*Our reporting to date relates to WIM Investment Management (formerly Waverton Investment Management). We will report on progress for all WIM group companies in 2026.

## Voting

As active managers, we use voting where we feel there is an opportunity to enhance or protect shareholder value. An integral part of this is to help influence corporate behaviours in a way that will contribute to positive environmental, social and governance outcomes.

We vote on all stocks owned in our range of WIM Investment Management equity and multi-asset funds, which amounts to over 200 stocks and equates to a coverage of more than 90% of total equity AUM. We vote on all holdings of these 200+ stocks across the firm. The remaining stocks consist of non-discretionary holdings, external custody accounts and a long tail of mainly single holdings.

The responsibility for voting decisions sits with the Investment team, who undertake all the fundamental analysis and engagement with investee companies. This is an essential part of a genuinely integrated approach to ESG. Our voting process is based on proxy voting reports and recommendations (subject to our review) provided by Glass Lewis, a leading independent voting advisory service provider. While the majority of our proxy voting aligns with Glass Lewis recommendations, we review each proposal, paying particular attention to recommendations that are against management or relate to contentious issues on which we may have strong views. Our Engagement & Voting Report\* provides detail on our voting policy, the profile of ballots and proposals.

# Independent Agencies and Researchers



## PRI

WIM Investment Management (formerly Waverton Investment Management) became a signatory to the internationally recognised PRI in 2019. The Principles for Responsible Investment (PRI) are widely recognised as a global standard for Responsible Investing.

- As a signatory of the PRI, we are required to commit to six Principles within our investment process:
- Incorporate ESG issues into investment analysis and decision-making
- Be active owners and incorporate ESG into ownership policies and practices
- Seek appropriate disclosure on ESG issues by the entities in which we invest
- Promote acceptance and implementation of the Principles in the investment industry
- Work together to enhance the effectiveness in implementing the Principles
- Report on our activities and progress towards implementing the Principles

[View our signatory at pri.org](https://www.pri.org)



## Stewardship Code

The UK Stewardship Code sets high standards of stewardship for those investing money on behalf of UK savers and pensioners.

The Code is voluntary and being a signatory to the Code demonstrates an investor's commitment to stewardship and providing transparent reporting on the stewardship they undertake on behalf of their clients and beneficiaries.

WIM Investment Management (formerly Waverton Investment Management) has been listed as a signatory to the UK Stewardship Code by the Financial Reporting Council (FRC) following the spring 2022 assessment.

[View the FRC list of signatories to UK Stewardship Code](#)



## MSCI

MSCI is an industry leading investment research firm with over 50 years' experience providing stock indexes, portfolio risk and performance analytics, and governance tools to institutional investors and hedge funds.

While acknowledging the data quality issues of all ESG ratings providers, we chose MSCI for ESG reporting purposes based on its global multi-asset reporting capability. As the providers of WIM's performance benchmarks, it also provides an element of consistency in our reporting. These reports help provide some insights into the "outcome" of our integrated approach.

An MSCI ESG Rating is designed to measure a company's resilience to long-term industry material environmental, social and governance (ESG) risks. MSCI uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. ESG Ratings range from leader (AAA, AA), average (A, BBB, BB) to laggard (B, CCC).

[View the MSCI Reports in the document library](#)

Note: Our other WIM group companies will seek signatory status in 2026 in alignment with the reporting and assessment cycles for PRI and the Stewardship Code.

## Document Library

The documents provided in this pack provide in-depth insight into W1M and our investment approach.

We recognise that you will of course want to follow-up with further detailed DDQ requests or in-person meetings for specific areas you may wish to cover. We would be delighted to provide as much information as required and discuss how we can support you and your clients in more detail.

### Further resources for DFM Due Diligence

To support your due diligence process, we have created a due diligence pack with a suggested framework for analysis of four core areas of a DFM's business. Within each area we share a range of assessments of W1M and our approach, importantly carried out by independent third parties. We hope this will contribute to a robust and repeatable approach to creating an appropriate shortlist of DFM's.

Due diligence information and independent research for financial advisers

## W1M documents\*

### Responsible investment – Stewardship

This document provides a comprehensive overview of our Stewardship activities, from both an investment and corporate perspective.

### Responsible investment – Engagement and Voting

This document provides detail on our engagement and voting policies and activity, with case studies provided across all asset classes.

### Task Force on Climate-related Financial Disclosures Report

This document provides detail on our approach to managing climate-related risks and opportunities, covering both our own operations and our investments.

## Independent, third-party documents

### MSCI MPS Reports

The MSCI ESG Reporting Service is intended to make regular reporting to clients easier, more comprehensive, and more frequent. The MSCI reporting service provides regular and frequent delivery of portfolio reporting in response to the demand for transparency and detail on the ESG characteristics of portfolios. The reports cover:

- ESG Ratings
- Carbon risk
- Reputational risk
- Governance risk
- Sustainable impact exposure
- Values alignment exposure

W1M (Waverton) MPS Equity

W1M (Waverton) MPS Growth

W1M (Waverton) MPS Balanced

W1M (Waverton) MPS Cautious

W1M (Waverton) MPS Defensive

W1M (Waverton) MPS Conservative

\*Our reporting covers performance for W1M Investment Management (formerly Waverton Investment Management). We will report on progress for all W1M group companies in 2026.

# Further information

## Get in touch

To request our detailed DDQ or if we can be of further assistance, please contact us:

 [advisersolutions@w1m.com](mailto:advisersolutions@w1m.com)

 [w1m.com](https://w1m.com)

## Important Information

Past performance is not a reliable indicator of future results. The value of investments and the income derived from them may rise as well as fall, and investors may not get back the amount originally invested. Capital security is not guaranteed.

This material is provided for informational purposes only and does not constitute investment advice or a recommendation. It should not be considered an offer to buy or sell any financial instrument or security. Any investment should be made based on a full understanding of the relevant documentation, including a private placement memorandum or offering documents where applicable.

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