Global Asset Owner Sustainability Peer Study

Thinking Ahead Institute

January 2026

Thinking Ahead Institute
An innovation network founded by WTW

Executive summary – Global AO Sustainability Peer study

Purpose and context

The report explores sustainability practices among Mega global asset owners, that are applicable to all Asset Owners types. The focus is on governance, investment models, and organisational design to upgrade sustainability strategies and ultimately improve long-term financial outcomes. It is based on in-depth conversations with C-Suite leaders at large AO's and analysis of survey data.

Outlook

- Sustainability is entering a new era.
- Strategic and governance resets will be required.
- Systems-level (3D) investing will develop.
- Increasing politicisation and regionalisation of ESG will continue to shift the investment landscape.

Key take-aways

- Shift from ESG compliance to strategic system-level thinking to support sustainability of investment outcomes for savers. Hence the term Sustainable Investing (SI) preferred to ESG.
- Adoption of Total Portfolio Approach (TPA) leads to greater incorporation of climate and sustainability scenarios.
- Investment opportunity set facing long term challenges from systemic risks.
- Stewardship expands to system level and policy engagement.
- Organisational design prioritising efficiency, given limited resources through technology and governance.

Future path

- Align sustainability ambition with external mandates and internal capacity to address the SI issues
- Create greater internal efficiency through hybrid SI teams and strengthened governance.
- Embed sustainability KPIs across the organisation, through TPA-type Balanced Scorecards.
- Invest in technology for more dynamic SI reporting for leadership and investment teams.
- Strengthen systemic stewardship through increasing focus on collaboration

See glossary (page 23) for definitions of terms

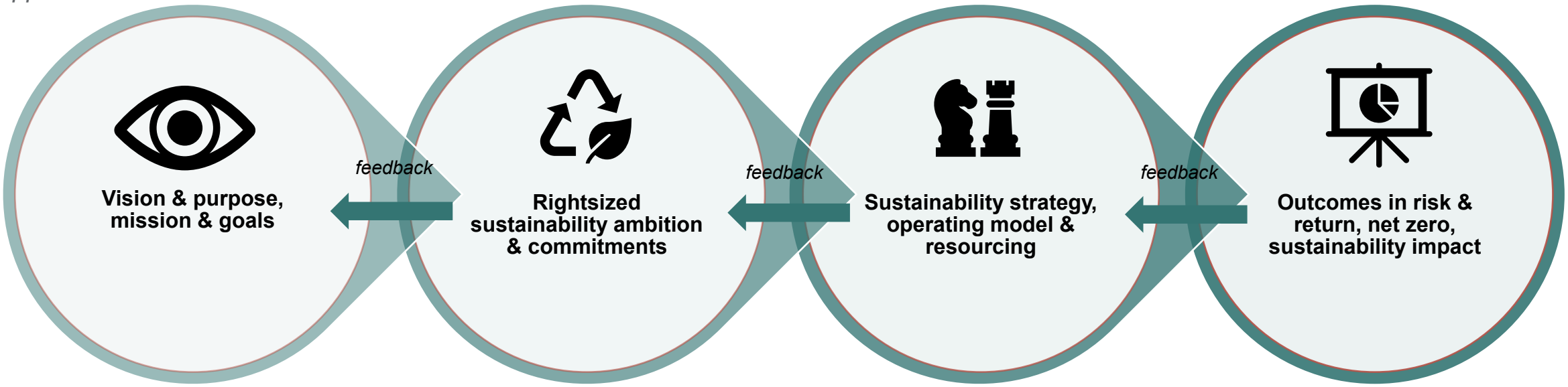
Study key take-aways

1	**New strategic framing**	**No one size fits all for the strategic priorities but system-level (3D) investing is the single biggest opportunity**
2	**Strategic shifts underway**	**Four key shifts identified to do more with less:** *Hybrid SI* ***org-design*** *Embedded SI* ***KPIs*** *Tech-driven* ***SI reporting*** *Systemic* ***stewardship***
3	**Investment model adapting**	**Risk models need re-setting to deal with the increasing impacts of systemic risks – climate, geopolitics, and others**
4	**Sustainability model regrouping** ***Four dominant themes***	*Concerns about* ***politicisation & regionalisation****, primarily the US* ***Net zero investing*** *is complex, but it is still seen as necessary and is maturing* ***3D investing*** *evolving beyond Climate focus to Nature and Human Rights* ***Risk 2.0*** *not (yet) top-of-mind factors.* ***Resilience*** *&* ***Systemic Risk*** *are though*

See glossary (page 23) for definitions of terms

The Peer Study applied a system design process to ‘connect the dots’

This framework acted as a ‘Pandora Box’ to reset perceptions of organisational leadership (Board and management) and connectedness with respect to systemic risks. This shaped the interviews and acted as explainers of the elements driving shifts in strategic sustainability approach.



Governance & Leadership:
- *The Mandate*
- *Language may vary*
- *Risk tolerance*
- *Commercial, best-practice*
- *Dynamic materiality considerations*

Strategic assessment of sustainability
- *Mindset*
- *Skillset*
- *Opportunity set*
- *Joined-upness*

Sustainability strategy framework
- *Investment model*
- *Operating model*
- *Integrated model*
- *Resourcing model*
- *Risk model*

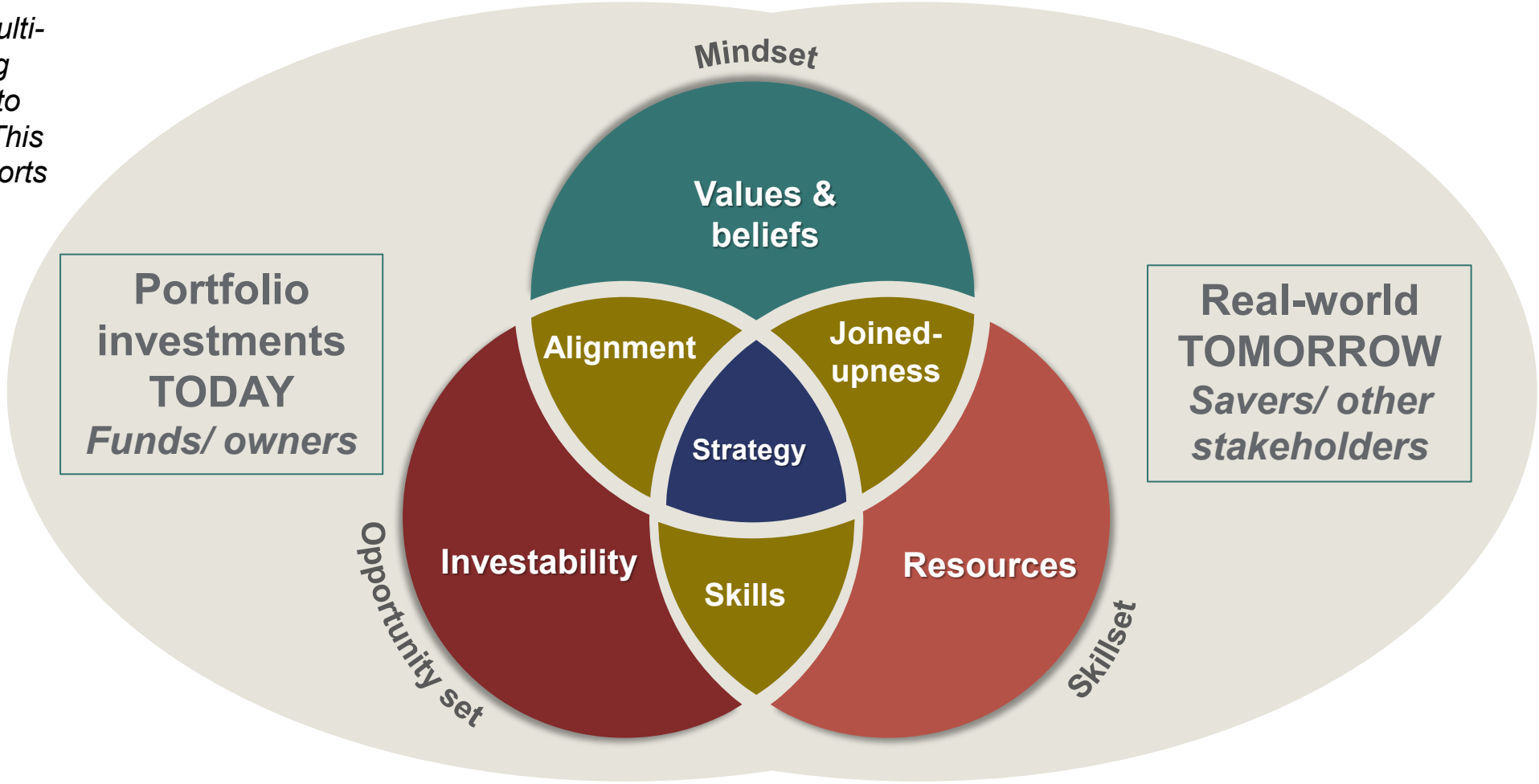
Proposals on SI measurement
- *KPIs*
- *KRIs*
- *Dashboard*
- *Internal and external communication*

See glossary (page 23) for definitions of terms

Organisational sustainability strategic framework

Systems thinking needed to identify gaps across the investment and organisational approach

Allows development of multi-year roadmap sequencing levers of change aligned to leadership risk appetite. This strategic framework supports intergenerational sustainability of capital formation.



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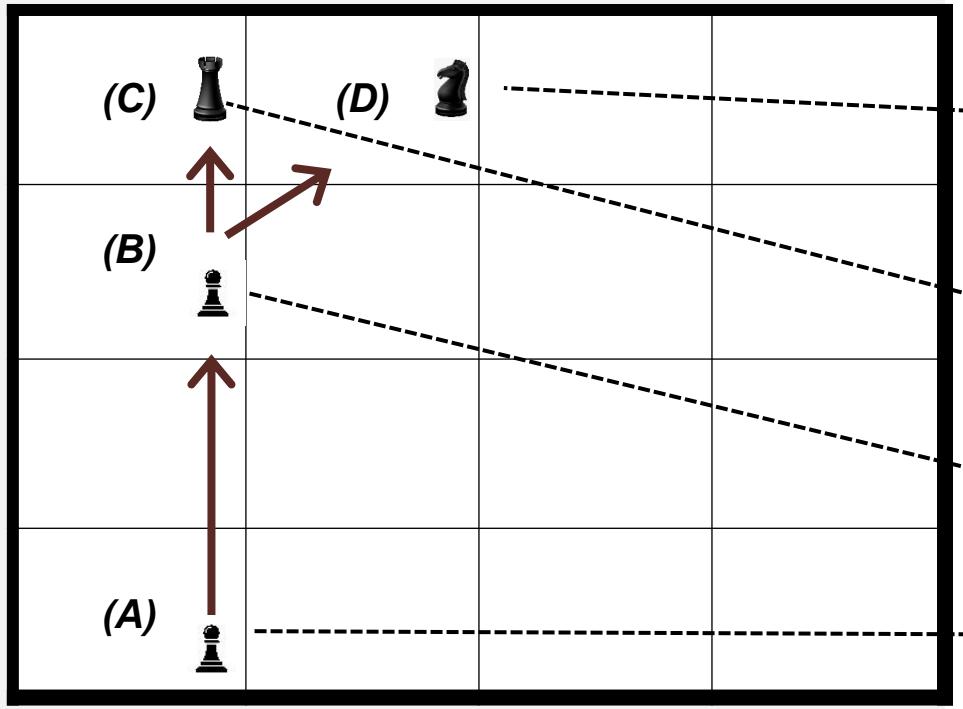
3D Investing. Success involves aligning SI within the fiduciary window

The fiduciary window represents the range of acceptable policies under current interpretation of fiduciary duty.
The challenge is working out where to be in the window i.e. how to position return, risk and real-world impact within fiduciary duty.
All funds are solving for the golden rule: delivering outcomes affordably, securely, sustainably and systemically.

Sustainability positioning in the fiduciary window



The financial ambition and commitment related to sustainability factors

The real-world impact ambition & commitment related to sustainability factors

In the fiduciary window we have four different positions:

(D) is the 3D investing / system-level investing state with sustainability impact as an intentional goal that is net positive to non-financial outcomes, but only alongside full financial underwriting.
(the *knight's move*)

(C) is the universal owner double materiality state with influence on real-world impact that is instrumental to better financial outcomes.
(the *rook's move*)

(B) is the integrated SI state with single materiality where many asset owners and asset managers are now.

(A) is the non-SI state, where funds do not see SI risks as financially material.

Strategic shifts to fill system-level gaps

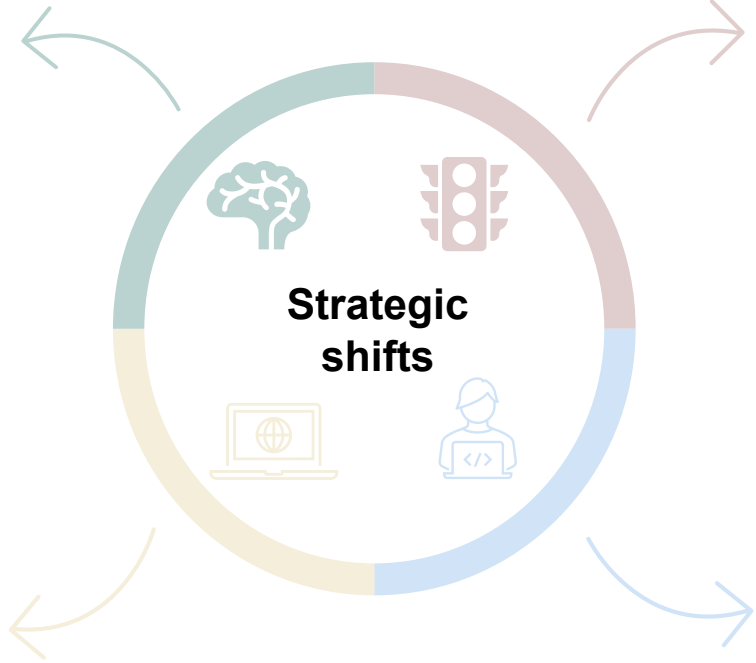
All SI investing versions - Sustainable-, Climate-, Systems-Level, Responsible- and Net Zero Investing are maturing with these shifts as key enablers

1. Resourcing & Talent

Expanding investment team SI skillset to complement deep SI specialist expertise adopting **hybrid org-design**

2. Technology & Systems

Tech- and AI-driven SI reporting using data analytics systems to manage greater workload complexity



3. Governance & Risk

Embedded SI KPIs provide link to broad leadership accountability in which wider risk model is crucial

4. Strategic Action

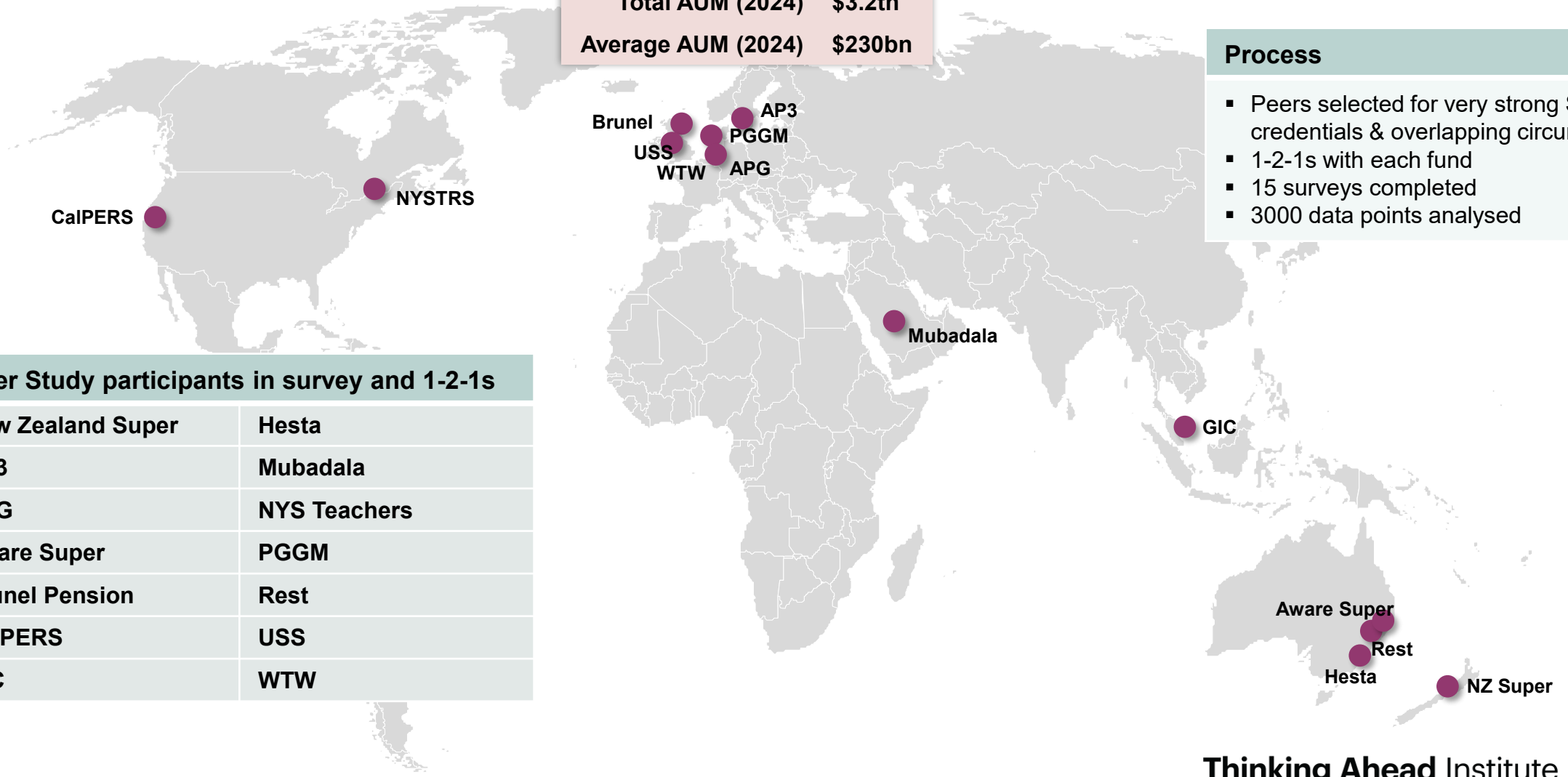
System-level investing central to strategic uplift to SI including **systemic stewardship** function

See glossary (page 23) for definitions of terms

The Peer Group for the Sustainability Asset Owner Study

Critical for all Asset Owners to build their peer knowledge

Total AUM (2024)	$3.2tn
Average AUM (2024)	$230bn



Process

- Peers selected for very strong SI credentials & overlapping circumstances
- 1-2-1s with each fund
- 15 surveys completed
- 3000 data points analysed

Peer Study participants in survey and 1-2-1s	
New Zealand Super	Hesta
AP3	Mubadala
APG	NYS Teachers
Aware Super	PGGM
Brunel Pension	Rest
CalPERS	USS
GIC	WTW

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Survey findings - Peer Funds summary

Strategic Approach	▪ **Sustainable Investing approach always** must be contextualised within financial and commercial objectives ▪ **Gaps** in strategic approach are evident	▪ 100% identify as universal owners ▪ 33% are full-scope 3D investors
Risk and Climate	▪ **Climate and systemic risks** (geopolitical, social inequality) are significant factors ▪ Climate goals remain but term of horizon scanning changing ▪ **Consideration of climate/sustainability solutions**	▪ 90% have net zero ambitions ▪ 38% use net zero lens within long-term framework
Governance & Stewardship	▪ **Board, leadership** joined-upness remains a challenge ▪ **Stewardship** often at a baseline with incremental steps forward ▪ Readiness to manage growing **systemic stewardship through new policy**	▪ 33% are full TPA funds ▪ 40% are hybrid SAA/TPA
Org- design	▪ **Team, skills & resourcing** are needing a rethink ▪ Level of **SI engagement** shifting to be systems & policy ▪ **Shift from centralised to decentralised SI org-design** shift ▪ **Reliance on external managers** increasing to manage resourcing constraints	▪ SI specialists make up 6% of total front-line investment team

1. **Organisation strategy**. What do funds see as sustainability gaps that need filling?

1. Data, reporting, regulation & standards gap - #1 Issue

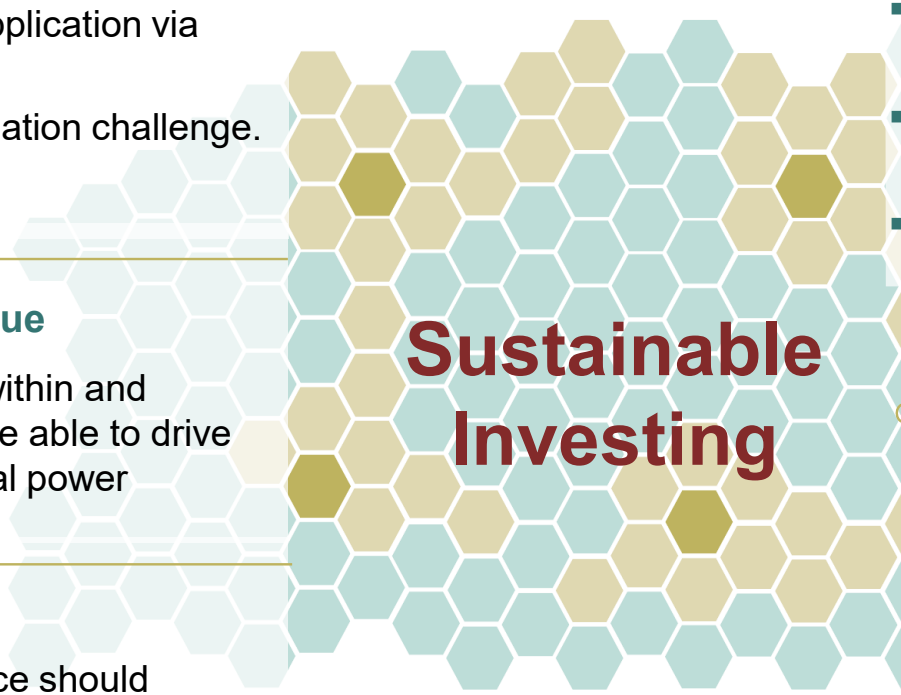
- SI data practices should support a more substantial decision-useful application via improved governance
- Regulation is a huge co-ordination challenge. Technology can help

2. Collaboration gap - #2 Issue

- Strengthened collaborations within and across organisations should be able to drive engagement and combinatorial power

3. Skills gap - #3 Issue

- Investment theory and practice should integrate system-level thinking on top of traditional investment thinking
- Sustainability knowledge and skills should be developed to a critical threshold org-wide



4. Purpose gap - #4 Issue

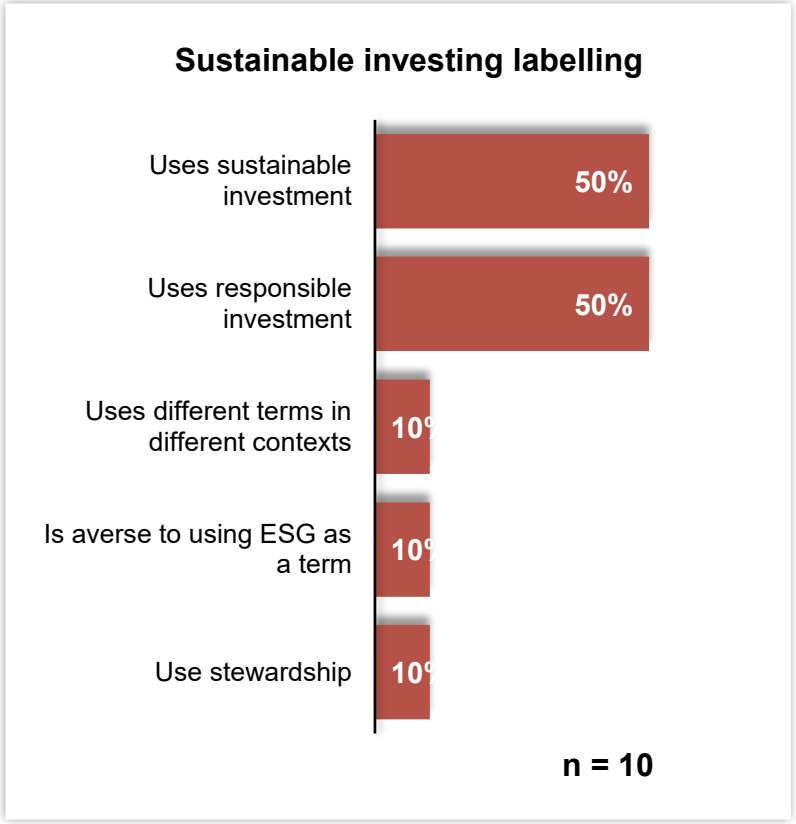
- Positive ethics and values should be woven into purposeful culture
- Investment organisations should embrace the stakeholder model
- Industry commitment to innovation

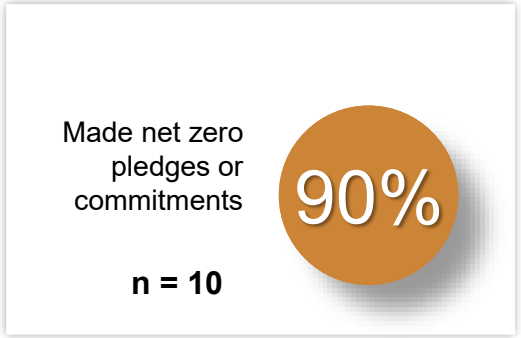
5. Investment beliefs gap - #5 Issue

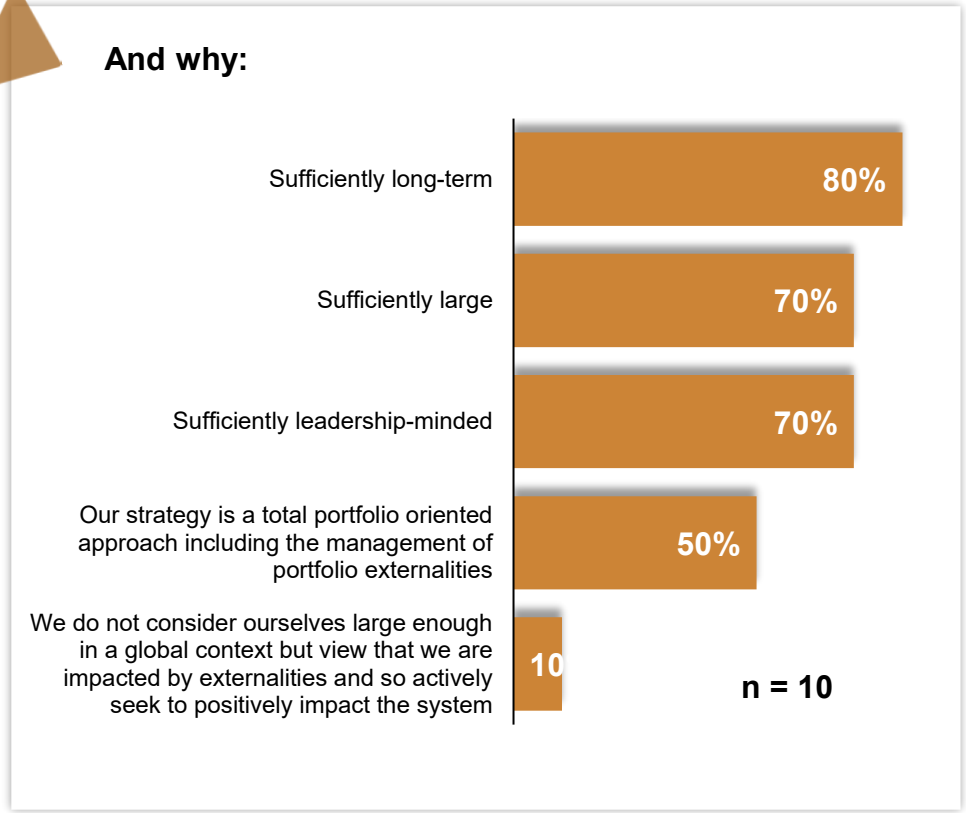
- Strengthened beliefs across contested space: ambition, intent, politics, materiality, purpose, regulation

2. **Strategic Approach**. Sustainability labelling and universal ownership

- *ESG* term gradually giving way *to sustainable investment and sustainability*. *Responsible investing* gradually used less. *Sustainable finance* not widely used. *Real-world impact* increasingly considered, but *Impact Investing* generally avoided
- Universal ownership is an active strategy in half the funds and a passive state in the remainder with limited intentional action
  Active strategy = investing for sustainability impact using TPA and addressing externalities via stewardship and allocation







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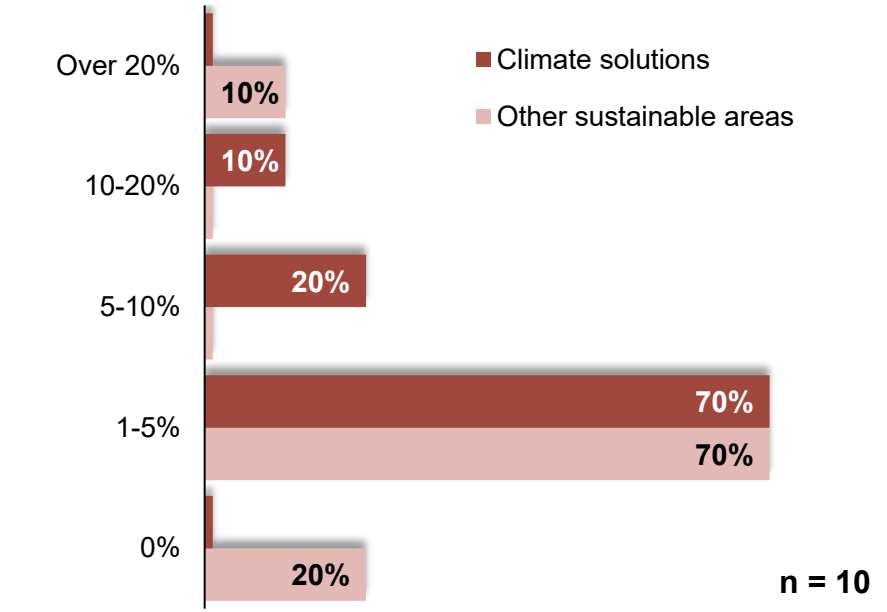
3. **Strategic Approach**. The integration of real-world impact with finance.

- There are differences between peers on how to 'square the circle' of financial and non-financial materiality. Roughly one third see everything through a finance lens, one third see everything through an integrated lens (a joined-up view in which non-financial intentionality can have a place), the remainder have a foot in both camps
- In practice sustainable investing has an allocation 'bucket' but allocations to these sustainability impacts have so far been modest

View of real-world impacts

My organisation sees long-term sustainability 100% through a finance lens	31%	n = 13
My organisation sees long-term sustainability through an integrated lens linking finance with our environmental and social systems	31%	n = 13
My organisation sees long-term sustainability through a net zero lens reconciling support for the climate system and achieving better outcomes	38%	n = 13

Use of impact. What % of your organisation's total fund is in specifically targeted sustainable investment strategies in?



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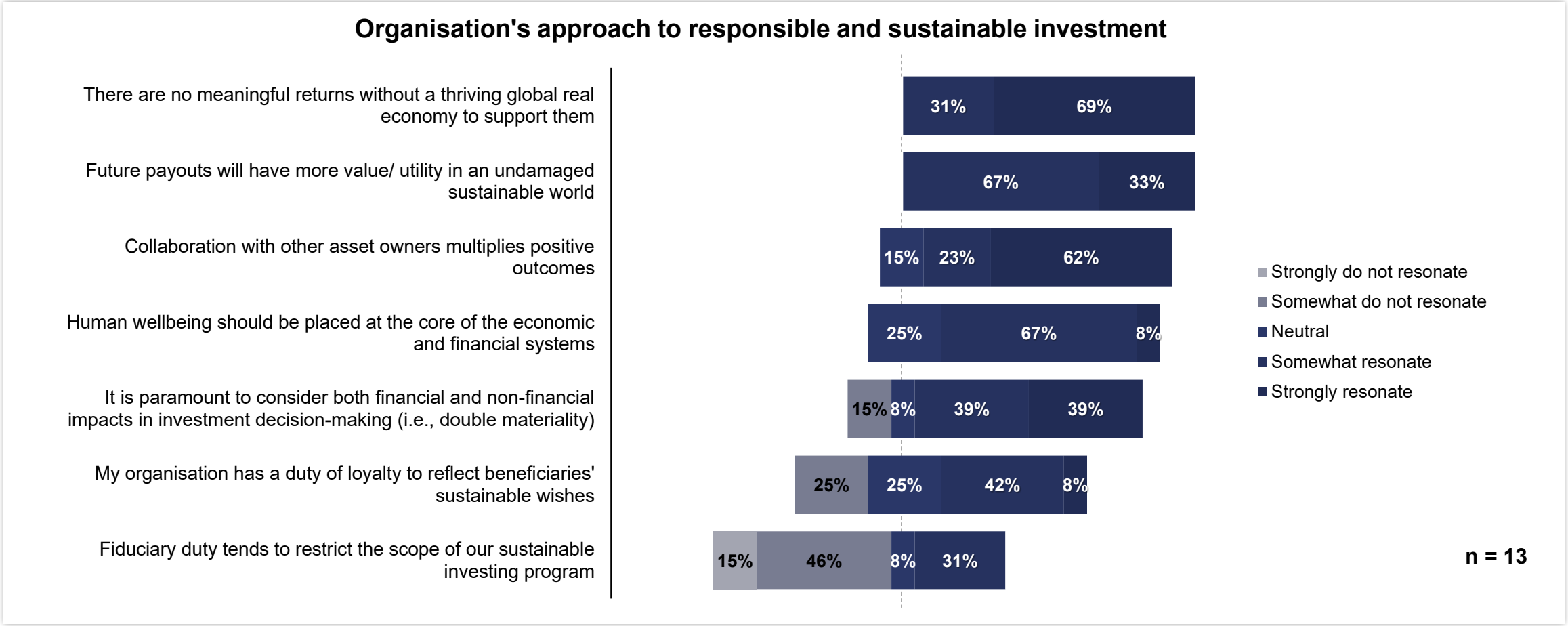
4. **Strategic Approach**. System-level thinking is growing.

Thinking of wider system-level influences and impacts is increasingly seen as best practice.



5. The Total Portfolio Approach (TPA) and 3D investing through big asset owners' lenses

TPA is an extremely effective construct to support strong SI delivery

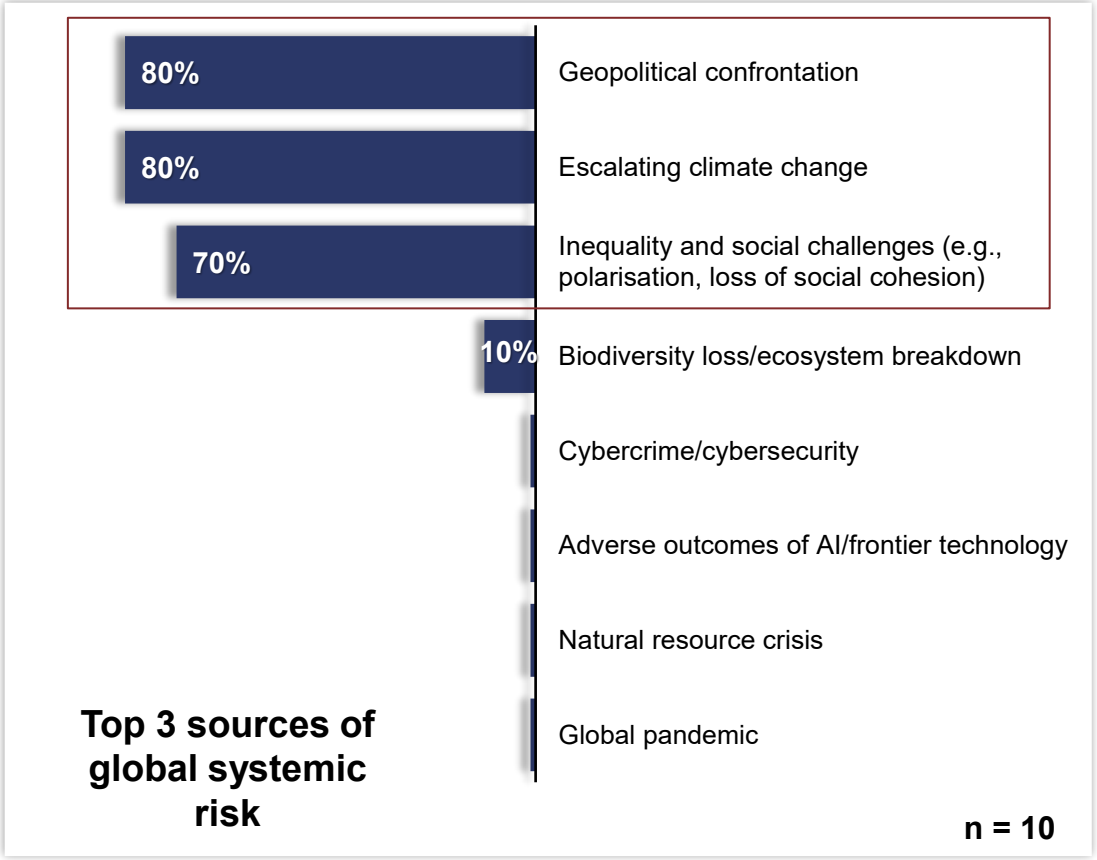
Current TPA positioning	▪ Five of the peers are full TPA users ▪ And six more of the peers are TPA/SAA or currently in transition to TPA
2025 – the year of TPA jumping the chasm	▪ Tipping point reached in TPA adoption in its S-curve diffusion ▪ NZ Super, CalPERS and PGGM are leading exemplars ▪ The previous transition was the 1990s decade into SAA – this is deja vu all over again
The gateway concept	▪ TPA aligns / enables effectively to Net Zero and 3D Investing strategies ▪ NZ Super – PGGM -- WTW – CalPERS are full-scope 3D-investors approached through TPA
Looking ahead	▪ Further movement coming in both trajectories – TPA and 3D investing

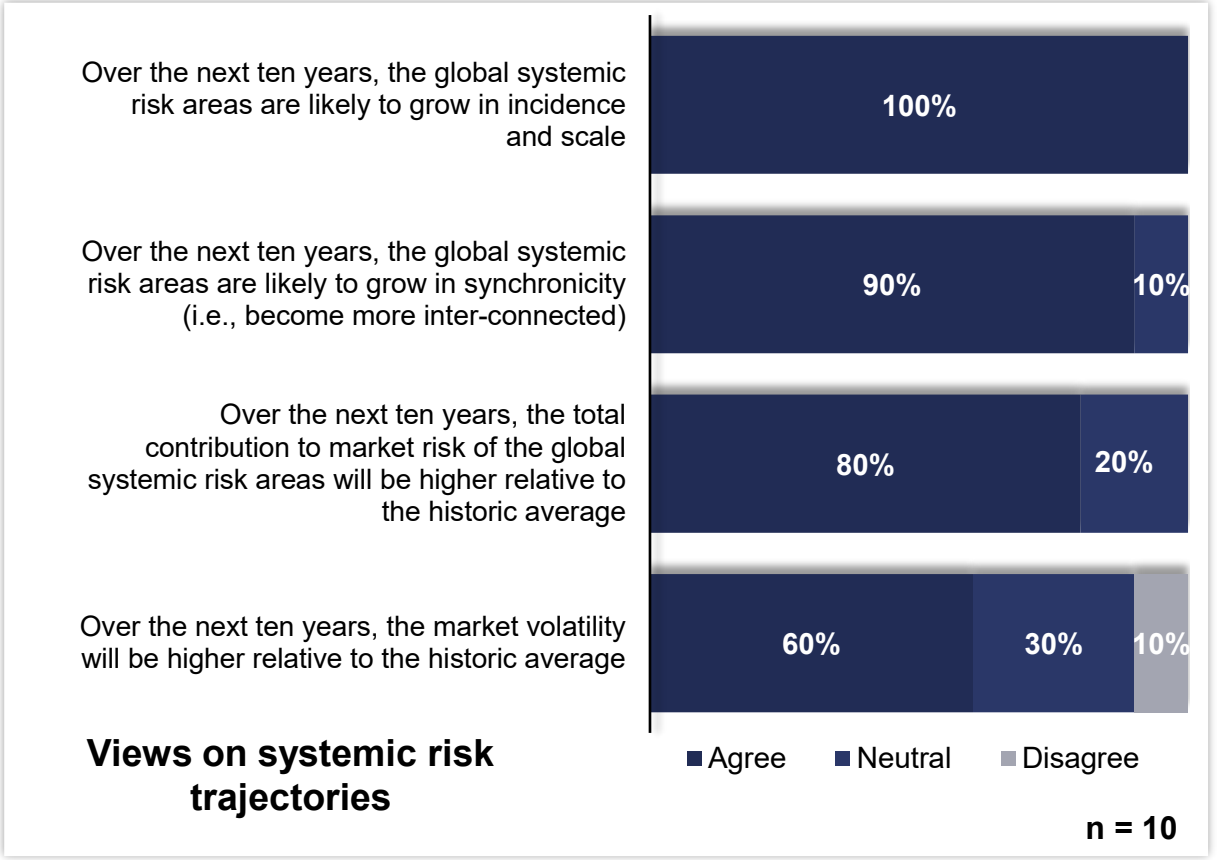
Full TPA users

TPA/SAA hybrids/ in transition

6. **Risk**. There are three top systemic risks with longer-term characteristics.

- Systemic risks are uncertain, pervasive, inter-connected, non-linear and endogenous. So, hedging and diversification cannot remove these risks.
- Some (limited) protection and mitigation can though come from systemic stewardship and 3D investing methodology
- Convictions are strong in support of systemic risk rising.

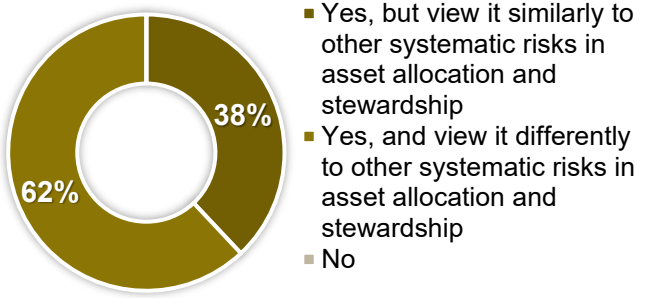




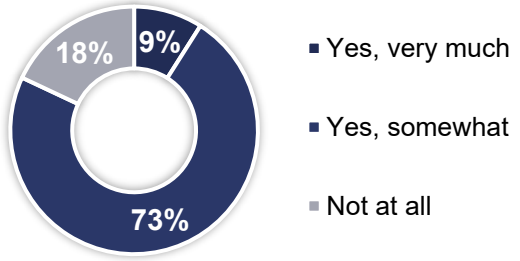
7. Climate risk is systemic = uncertain, pervasive, inter-connected, non-linear, endogenous

- There are two views on how to treat systemic risk. Seeing it within systematic market risks or setting it apart from market risk and accounting for it separately
- For many funds geopolitical risk has recently become the most significant systemic risk

Is climate change a systemic risk?

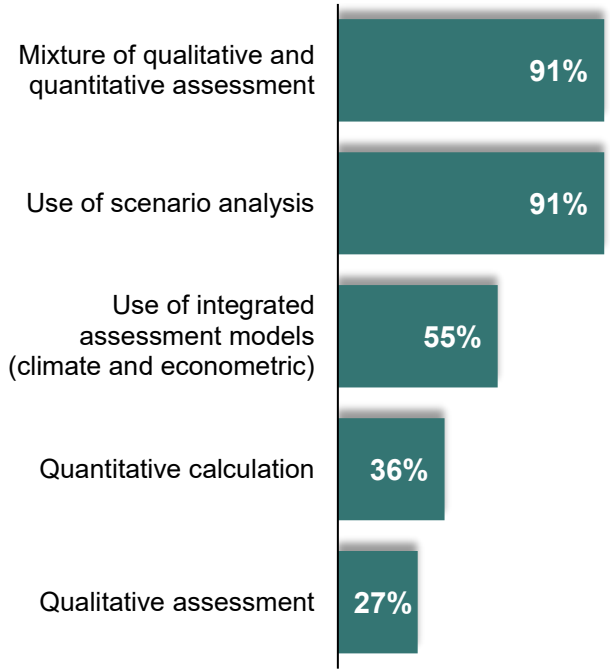


Climate risk considerations influential in actual asset allocation



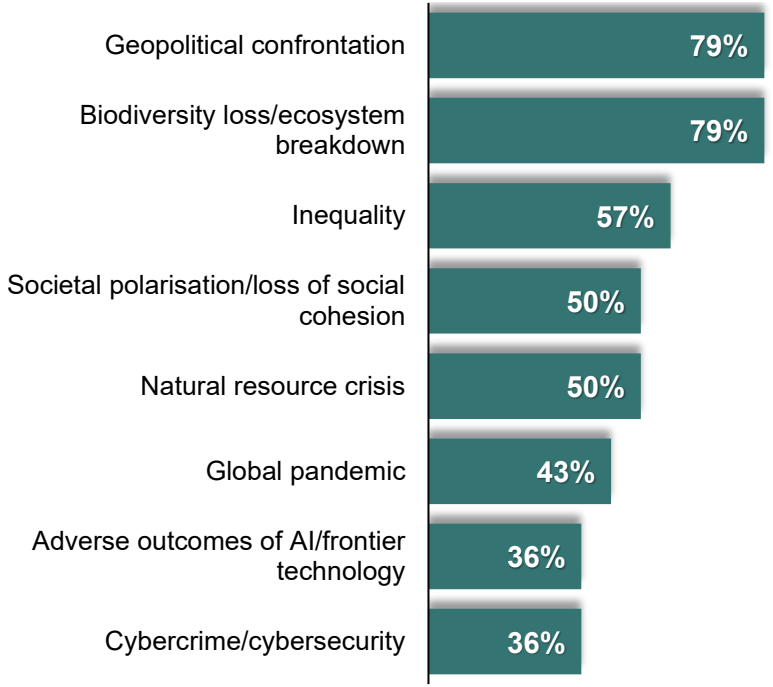
n = 13

How do you measure climate risk?



n = 11

Other sustainability issues as systemic risks

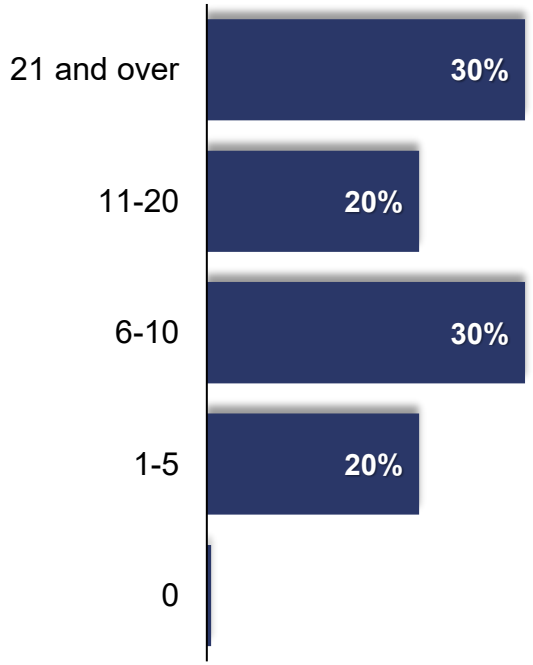


n = 14

8. **Stewardship**. Industry networks and company engagement remain in focus.

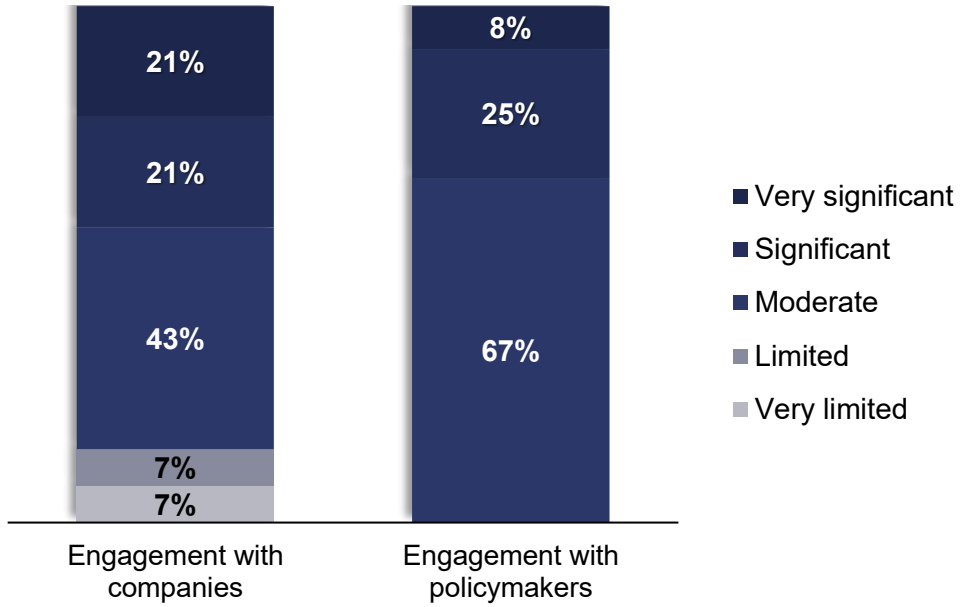
- Systemic stewardship is seen as having the most impact followed by the impacts from capital allocation and management of assets in unlisted securities – shown by the significant number of initiatives participation and company engagement.
- A shift seen towards policy engagement from industry initiatives, in recognition of systemic issues remaining a gap.

Number of stewardship-related investor networks or initiatives



n = 10

Likely success in engaging with companies and policy makers



n = 14/12

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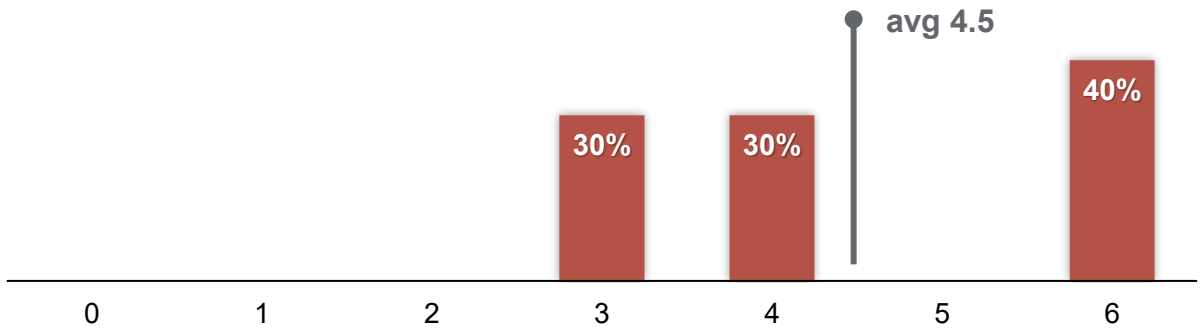
9. **Stewardship**. 80% are PRI signatories but most have <5% of resources allocated to stewardship.

- Stewardship has growing attention among big funds, with a skew to macro and systemic focus.
- Stewardship codes are guardrails, but to some funds compliance is over-costly to maintain.

Stewardship ambition and commitment n = 10



Minimum baseline

Undertaking minimum baseline activities in order to satisfy regulatory requirements and maintain their social license to operate.

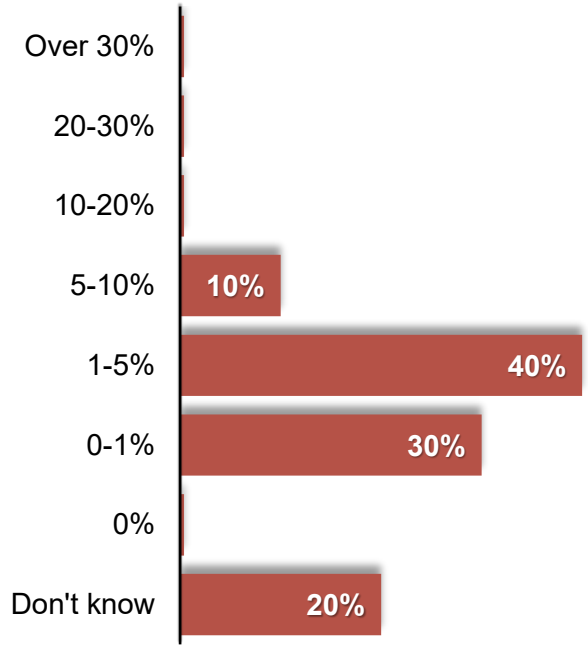
Portfolio holding stewardship focus

A material part of the value proposition is stewardship of individual issuers within portfolios with the aim to produce improvements in the sustainability profile of assets held over time.

Portfolio holding and wider system stewardship focus

A material part of the value proposition is system level stewardship with the aim to produce improvements in the sustainability profile of the portfolio held over time.

Organisation's total investment related headcount allocated to stewardship



n = 10

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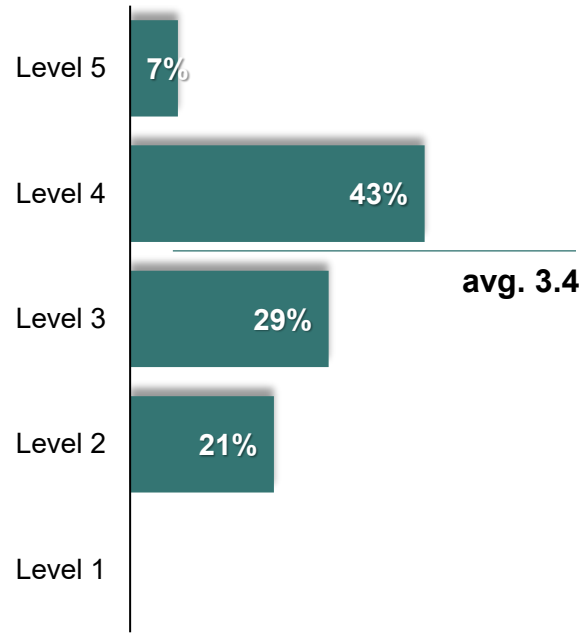
10. **Org-design.** Sustainability staffing shifting to decentralised model.

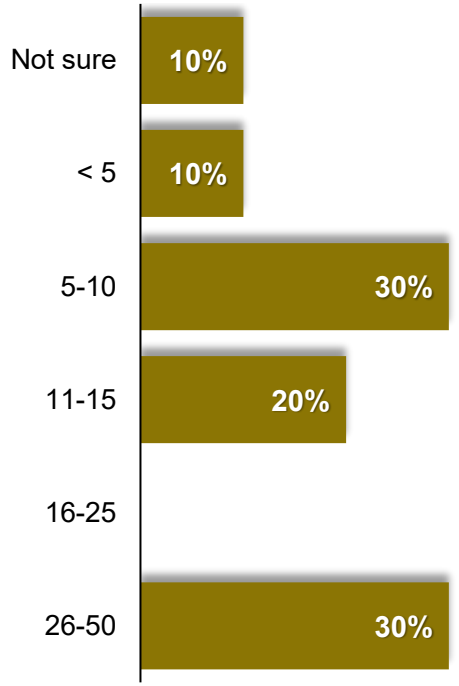
- SI org-design started out with specialists but has become more decentralised. More mid- to junior- investment staff have SI objectives incorporated into their roles.
- It is seen as mission-critical to become more joined-up across asset classes.
- SI FTEs are about 6% of total frontline investment and support FTEs.

Organisational design for how sustainability is integrated into wider investment team activities



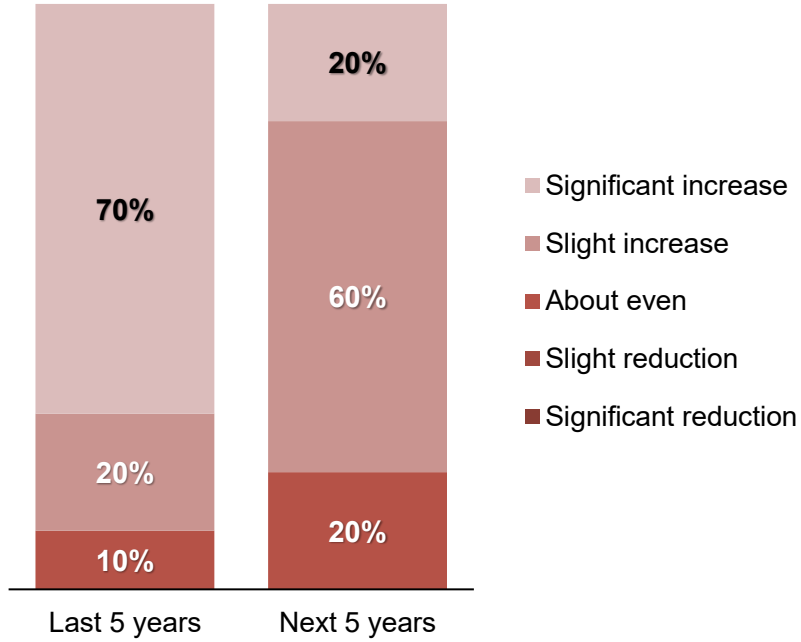
n = 14

Total headcount for the sustainability function



n = 10

Changes to total headcount for the sustainability function



n = 10

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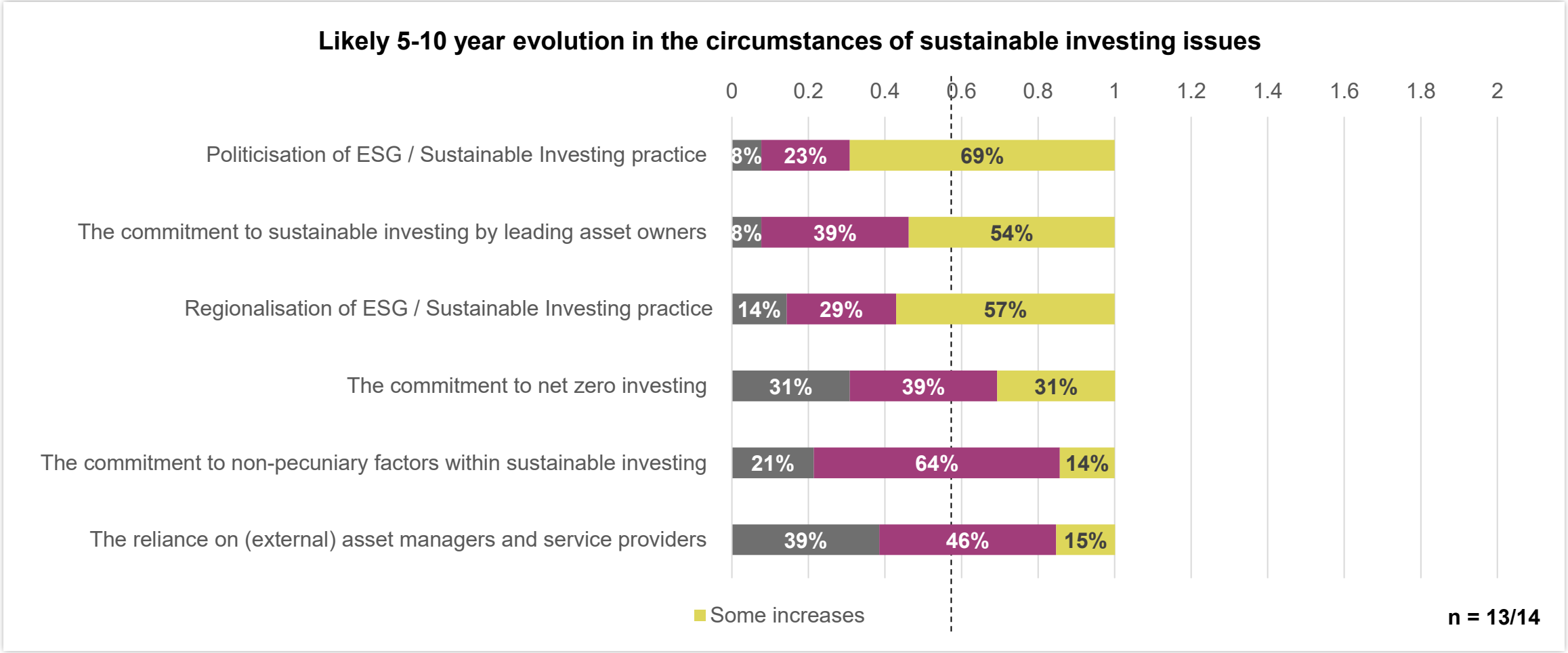
11. The sustainability horizon in 5 or 10 years is intrinsically uncertain

- But horizon scanning is a fruitful exercise that provides better ongoing 3D investing feedback loops
- This picture for SI is less rosy, with increased interdependencies requiring enhanced technology systems



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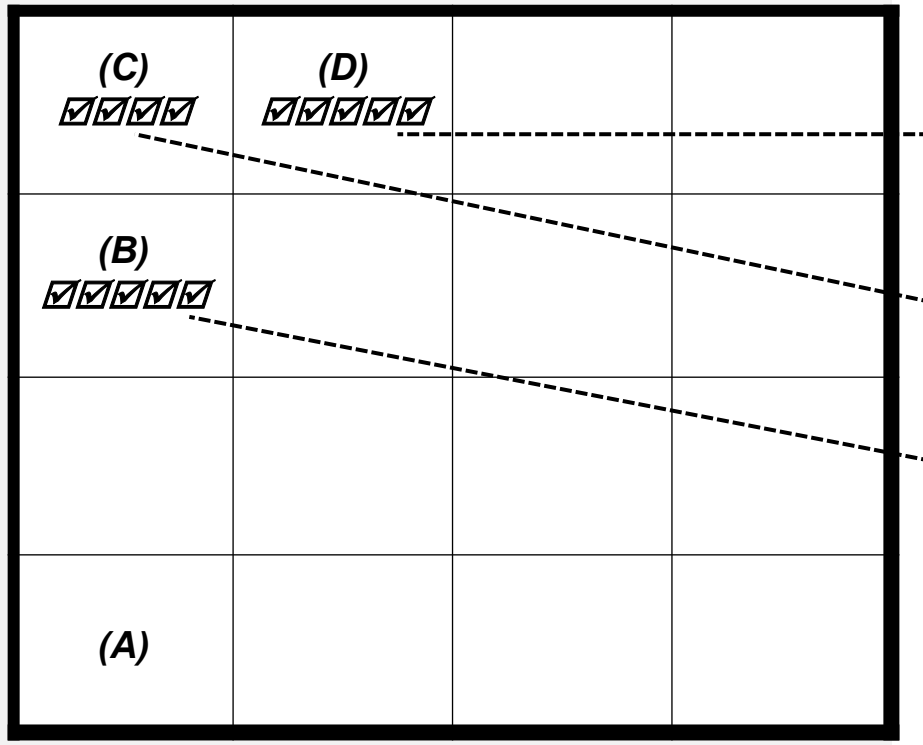
12. **3D Investing**. Peer funds can be ‘sorted’ on the sustainability strategies.

Roughly distributed into three positions sorted by rightsized ambition, intentionality and strategy.

Sustainability positioning in the fiduciary window



↑↑↑ The financial ambition and commitment related to sustainability factors

The real-world impact intentionality & commitment related to sustainability factors➔➔➔

- **(D) is the 3D investing / system-level investing state**
  Full-on financial and societal impact model
  The knight’s move innovation
- **5 funds**

- **(C) is the universal owner double materiality state**
- **4 funds**

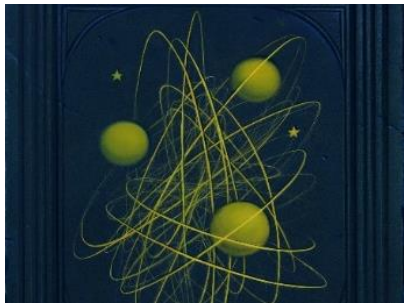
- **(B) is the integrated SI state with single materiality**
- **5 funds**

- **(A)**
- **Zero funds**

Define your terms

- **Sustainability.** Long-term investing that is intergenerationally efficient and fair.
- **Rightsizing sustainability**: Aligning sustainability ambition with capacity, opportunity, and mandate.
- **Org-alpha**. The organisational capacity to create value through people, technology and intelligence & data.
- **TPA.** Joined-up dynamic management of AO portfolios relative to goals through employing best ideas.
- **Systems-level/3D investing**. Integrating return, risk, and real-world impact.
- **Hybrid SI org-design.** A joined-up structure: investment team with SI skill-sets collaborating with SI specialists.
- **Systemic stewardship**: Influencing the broader financial (and environmental and social) system.
- **Systems thinking**. Considering holistically a system's many moving parts, inter-connectivity and purpose.
- **Risk 2.0.** Evolving current Risk 1.0 practice into a wider, softer, longer risk framework including systemic risks.

Three bodies problem



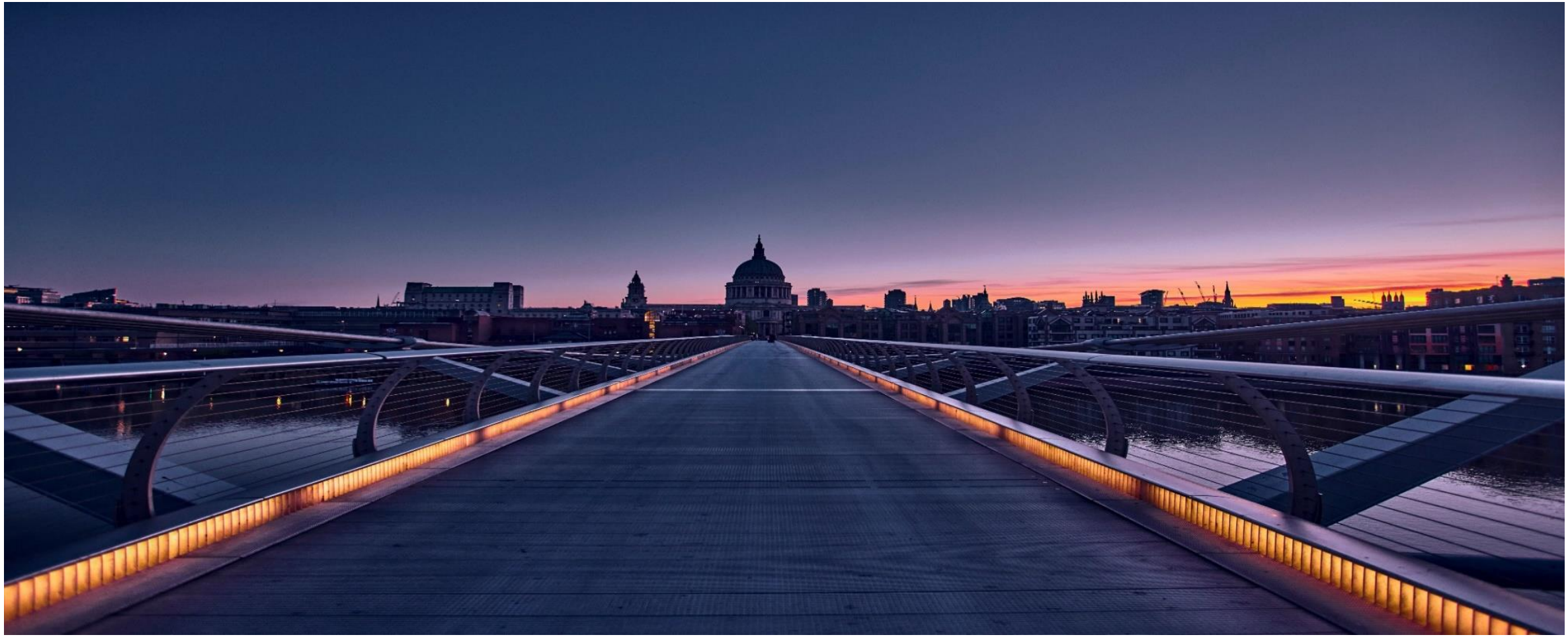
Being joined-up across each of:
- return, risk & real-world impact
- governance, investing, measurement
- CIO/Board/Sponsor roles
- benchmarks for SAA, risk & sustainability

Regime change

Different this time across:
- geopolitics
- systemic risk
- technology acceleration
- energy transition
- social trust

Expanded content. Asset owner (best) practices in sustainability and beyond

Innovations in Org-alpha, TPA, Risk, System-level (3D) investing and the Soft Stuff



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Closing with a drill-down on some tools to help your sure-footedness in SI

"Our industry is in a Red Queen race. We have to run twice as fast to stay still."

THE STORY SO FAR

The sustainable finance narrative is premised on "the returns we need can only come from a system that works". The acceptance that ESG factors are financially material has developed gradually, but has now come full cycle. The peer funds see ESG as simply another tool in the toolkit for producing better results over time.

WHAT HAPPENS NEXT

The next phase elevates sustainability over ESG as a term preferred by the peer funds. It gives more weight to longer-term issues, inter-generational equity and systemic risks.

Collaboration on SI is important to all AOs in this Study, with many adhering to one or more groupings set up under industry, national or supranational umbrellas, to devise and promote effective SI practices.

THE BEST BITS MODEL

Thinking Ahead is always looking for 'WISDOM'. **What I Should Do On Monday** is everyone's ask of us.

This Peer Study went deep into many areas (complicate to understand) but it has produced one clear artefact to progress (simplify to act) - **the Best Bits Model** (slide 26).

The central tile is the TPA one. But in our view equally important are the Risk 2.0, Soft stuff and 3D investing tiles. And all of them are relevant to the future.

WHAT SHOULD I DO ON MONDAY?

Thinking Ahead has a view on this**:** Start an initiative to discover the forces behind these tiles and martialling some of those forces for the next leg of the journey. Exploring the ways SI can fulfil its org-alpha-rich potential.

The Peer Study Best-bits Model

The Thinking Ahead 2025 Peer Study generated this Model of the outlook for future best practice for Org-Alpha.

3D investing occupies a key spot in this matrix but with key adjacencies including TPA the critical one.
Org-Alpha – the alpha enabling the portfolio alpha from people and process, reflecting structural endowments and developed advantages.
3D (System-level) investing requires all these 'best bits' are aligned to ensure future pathways of capital formation is sustainable.

Thinking Ahead Peer Study 'Best-Bits-Model' taken from the 26 Peers strongest propositions for success in future

	Canada model best bits	Total portfolio thinking best bits	P2P (People-2-People) best bits
Governance	**#1. Governance/fiduciary duty – Canada model foundations**	**#2. Risk 2.0 – risk assessed wider, softer, longer**	**#3. Soft stuff – culture, governance, technology/AI**
Investment	**#4. Alts-plus proposition – allocations, risks, resourcing**	**#5. TPA Total Portfolio Approach - various versions in a spectrum**	**#6. 3D Investing - risk, return, impact, net zero**
Operating	**#7. Org design & internalisation – mixing insourcing & outsourcing**	**#8. Portfolio quality dashboards – multiple comparators**	**#9. Beliefs and propositions – aligning values, beliefs**

The Org-Alpha tool

NZ Super is an exemplar of highly transparent practice and organisation accomplishments

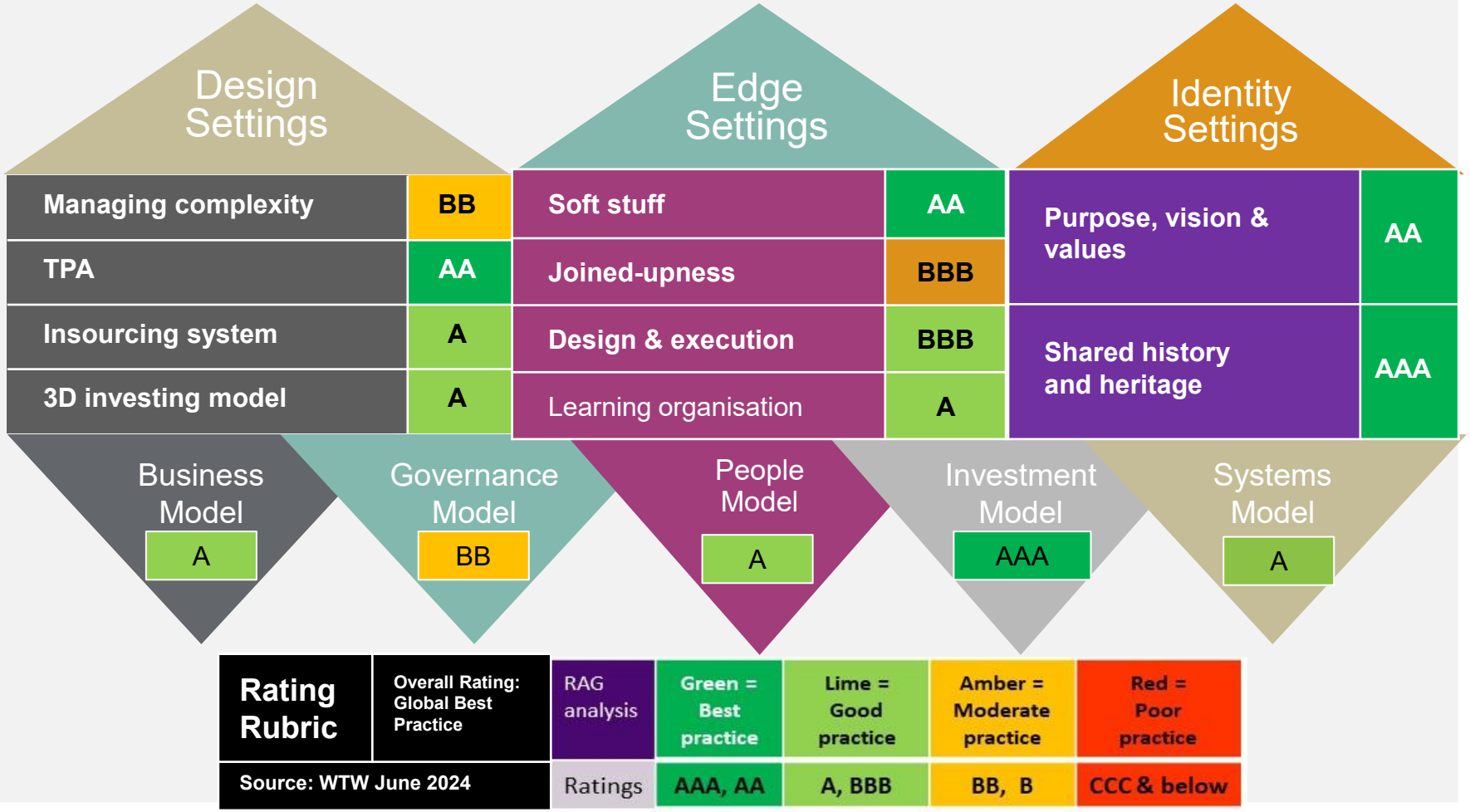
BEST PRACTICE

Thinking Ahead best practice assessment involves two 'lenses' being combined: top-down assessment of design, edge and identity settings; bottom-up assessment of five models - business, governance, people, investment and systems.

This framework has evolved from the past two decades of research into Investment Governance best practice and evolved into this org-alpha framework.

We refer to this as the **Waterfront Model**

THE NZ SUPER FIVE-YEAR REVIEW. THE THINKING AHEAD 'WATERFRONT MODEL':



The TPA tool. Total Portfolio Approach (TPA). What is it? What does it do?

The link between TPA and sustainability is particularly strong

TPA

TPA Model = Aligned to goals + best ideas + dynamism.

Investment Model = Frictionless + higher skill + breadth of opportunity

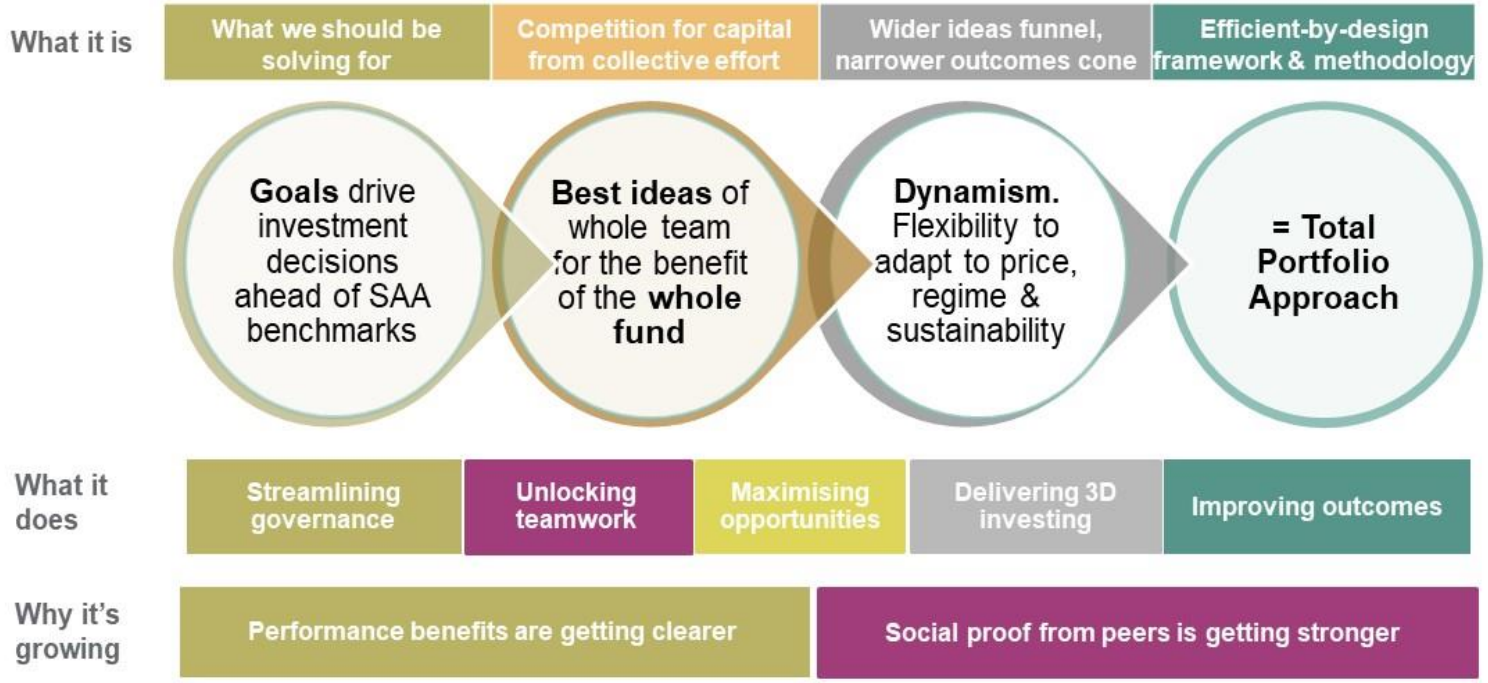
Governance Model = Sturdier scaffolding + more meaningful measurement + resilience.

Risk Model = Regime instability + systemic risks + market complexity.

People Model = First-team mind-set + T-shaped people + Pi-shaped orgs

Sustainability Model = Rightsizing + 3D investing + decentralised operating model

THE TPA OVERVIEW



The Risk 2.0 Model

The key factor requiring attention is addressing systemic risk

THE RISK JOURNEY

The key precepts of risk used by investors are still in Risk 1.0 form derived from MPT thinking from decades back. The academic pathway of risk practices has been dominated by physics envy.

We have lost sight of the forest for the trees.

THE NEXT LEG OF THE JOURNEY

The industry has been slow to change its practices because it doesn't have the incentives to work as much on risk when it's return that matters. Complexity is part of the battle. Communications have to be shorter to capture attention. In a short-term oriented world the complex and the longer term are not rewarded.

The industry thinking so far has been to refine the first loop, working to evolve the assumptions (ie Risk 1.1, 1.9), not to think about a second loop in which the model changes (ie Risk 2.0).

THE THREE SHIFTS FROM RISK1.0 TO RISK 2.0

The linear regression structure of expected returns subject to volatility and correlation drawn from past performance is a dominant but over-simplistic construct that is challenged by systemic risk, regime change and total portfolio integration. We need a **wider framework** that is more forward-looking.

The technical treatment of risk has dominated relative to its soft components and has neglected other critical elements: soft factors and narrative in the portfolio; governance, culture, skill, teamwork in the organisation. We need a **softer framework** that tunes into both qualitative and quantitative assessment, both in portfolio construction and in the organisational practices.

The term or through-time structure of risk has not been developed – long-term risk is not the independent sum of short-term risks as implied currently. As a result, risk appetite, mission impairment, resilience and robustness, and lifecycle risks are all under-explored. We need a **longer-term framework** for risk that reflects the difference and significance in time horizon.

The theory supporting Risk 2.0

Becoming very resonant in a fast-changing world

1 The origin stories

Risk 1.0 (dateline 1970s)
Risk 2.0 (dateline 2020s)

Risk 1.0 grew up as the shiny new thing in a world of growing quant

2 Risk 1.0 narrow and short-term boundaries

Risk 1.0 a failure of transmission?

But Risk 1.0 has structural weaknesses – not good with systemic risk, regime changes or private markets

3 Risk 2.0 having more accuracy

Risk 2.0 a much more resilient system for risk ?

Whereas Risk 2.0 has structural strengths – more accurate, resilient and versatile; and is flexible to time horizon

4 The systems thinking lens

How does systems thinking help?

You need a system to manage a system, that system includes an HI x AI proposition

5 The process lens

How do we get this done?

You need a big change process, with vision, coalition and process

The 3D Investing tool. Success will require support from culture and capabilities

Applicable to both asset owners and the asset managers and other providers

WHAT IS TRUE SUSTAINABILITY?

Sustainability
Long-term investing that is intergenerationally efficient, fair and systemically joined-up

Sustainable organisation
Truly sustainable = sustainable in organisational longevity, intergenerational integrity and investment focus requiring a combination of exceptional capabilities and culture

Capabilities
- Stewardship, sustainable investing and 3D investing
- Wider and longer focal range
- Systems and T-shaped thinking and action
- Innovative and agile

Culture
- Wider purpose
- Stronger professionalism and value system
- Progressive leadership style with systems leadership elements
- Ambition to make a net positive difference

WHAT IS SYSTEM-LEVEL INVESTING?

System-level investing recognises the interconnectedness of financial markets with environmental, social, and economic systems. Rather than focusing solely on portfolio-level risks and returns, it addresses **systemic risks**—such as climate change, biodiversity loss, and social inequality—that threaten the stability of entire systems and long-term outcomes.

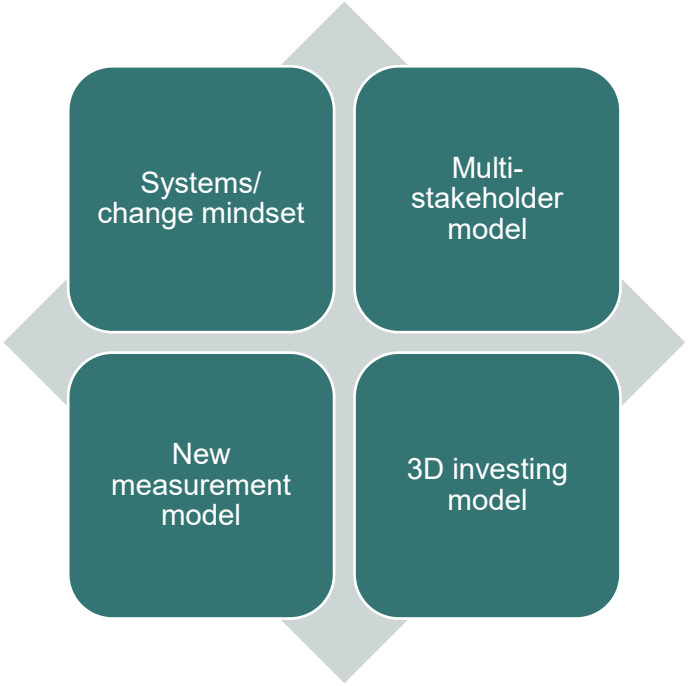
The **PRI** framework supports this evolution through initiatives like their Pathway B which encourages investors to integrate financially material sustainability-related risks into investment and stewardship decisions. This involves identifying leverage points for influence, collaborating across sectors, and engaging with policymakers to drive structural change.

System-level investors often adopt **systems thinking**, targeting transformative outcomes. Ultimately, system-level investing reflects a belief that fiduciary duty extends to safeguarding the resilience of global systems. By aligning investment practices with long-term sustainability, investors can mitigate systemic risks while contributing to a thriving economy and society.

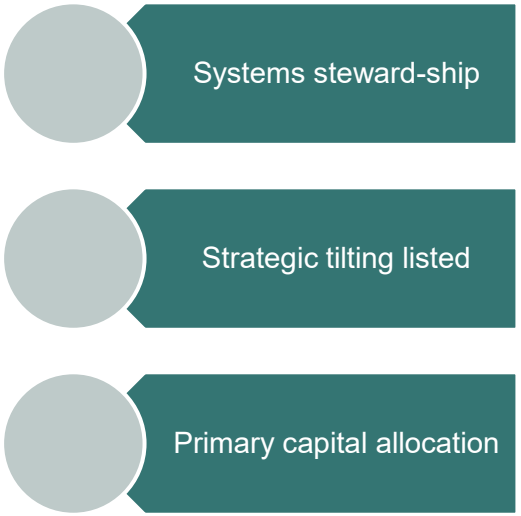
The 3D investing model including the pillars of stronger stewardship

This is a significant extension to current practices

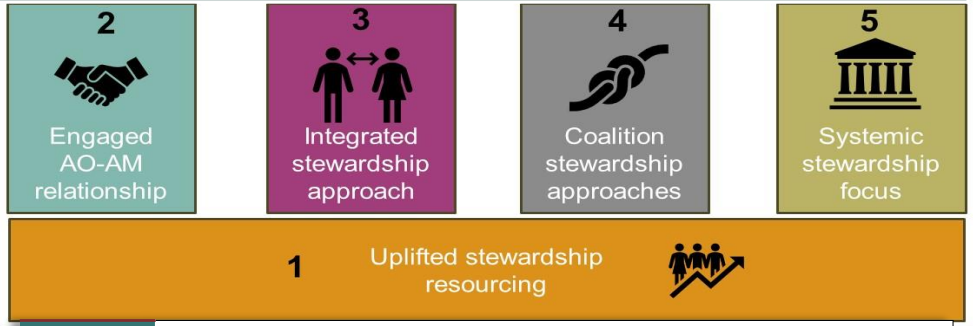
3D Investing



3D Investing Model



3D Investing Stewardship Model



1	▪ Resources equate to about 4% or 5% of total front-line FTEs instead of the 10% needed
2	▪ Asset managers need a more definitive stewardship mandate from the asset owner
3	▪ Asset managers working on allocation and stewardship in joined-up ways
4	▪ Stewardship work joined-up through coalition organisations, CA100+, etc
5	▪ Engagement with policymakers and industry groups to support the ecosystem

The soft stuff. Reliance on T-shaped people and Pi(π)-shaped organisations.

How organisations must change their designs, connections and workflows to adapt with AI.

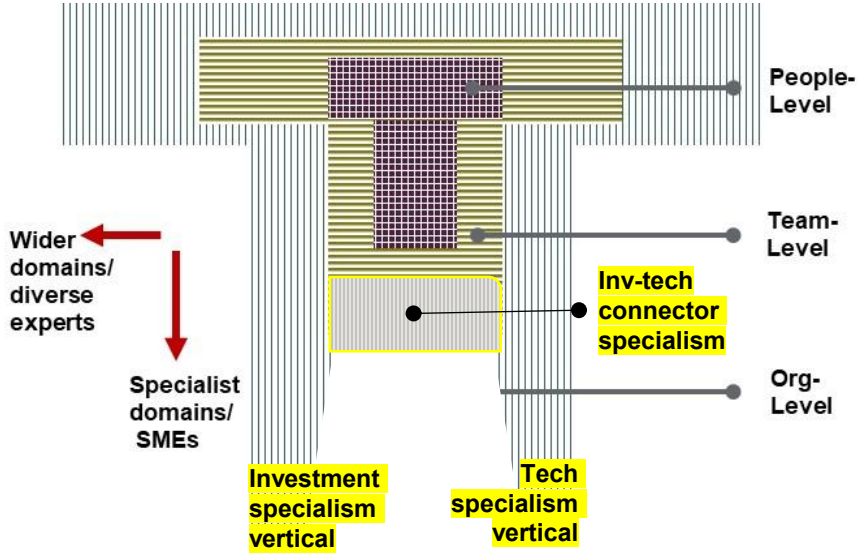
TALENT & T-SHAPEDNESS

Investment skill relatively timeless, but technology skills very different. Tech talent needed in investing – data science in limited supply. All progress in both HI and AI goes in a form of an S-curve, slow in the case of HI, fast in the case of AI. So, HI restraining the AI speed.

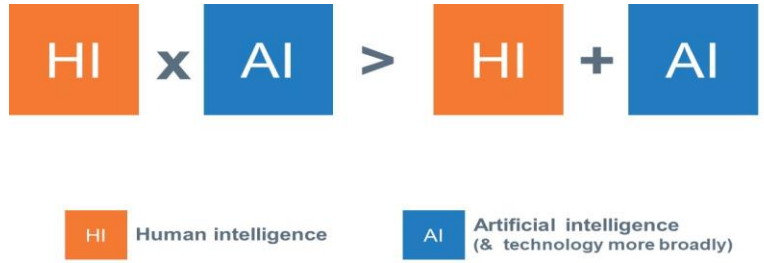
T-shaped talent works well in investing; wider knowledge and subject disciplines, deeper relationships and connections, smarter on delegations. At the organisation-level, having a dual operating model that combines hierarchical (vertical) functions with networked (horizontal) functions.

At the team-level, in more specialised areas like the technology and investment domains, teams need connectors that speak fluently across the disciplines and bring more cognitive diversity into the team. At the people-level, T-shaped professionals have a combination of deep domain and wide connection skills.

With AI adding considerable opportunity and complexity to work design, the T-shaped org needs two integrated verticals – investment and tech (1) with strong connections between them (2). It's a Pi-shaped org as a result.
The investment role (3) has to be more of a process designer.
This achieves the benefits of the HI x AI equation.



The HI x AI Equation



The Dashboard and Scorecard tools

Central elements of TPA and System-level (3D) Investment models

WHAT ARE DASHBOARDS AND SCORECARDS?

- Dashboards generally consider current status of the portfolio and look forward. Scorecards generally assess past results. These are useful both as an internal measurement tool, and as a way to frame discussions with senior stakeholders. This helps communicate strategy and progress towards goals across stakeholder levels and in aligning the organisation.

WHY ARE THEY IMPORTANT?

- TPA and 3D investing emphasise managing the entire portfolio holistically rather than in silos. A dashboard becomes essential because it links strategy to execution across the whole portfolio through aligned overarching objectives (risk-adjusted returns, liquidity, sustainability, resilience and robustness).

Dashboard |	Dimension	Metric	SAA	TPA
Prime factors	Return	Expected return vs cash (% pa)	3.0%	4.6%
	Risk	Volatility (% pa)	7.5%	7.3%
	Efficiency	Sharpe ratio	0.40	0.63
	Relative risk	SAA/TPA relative risk	1% - 3%	3% - 5%
	Low cost	MER	0.23%	0.54%
Ancillary factors	Sustainability	ESG risk exposure (/100)	33	23
	Climate	Implied Temperature Rise	2.8°C	2.5°C
	Flexibility	% daily liquid	10%	26%
	Access to skill	% contribution from skill	6%	31%
	Governance	Oversight complexity	4/5	3/5
Robustness & Resilience factors	Diversity	Equity beta	0.63	0.37
	Tail risk	Expected tail risk (% TCE)	26%	18%
	Systemic risk factor	Systemic tail risk – 10Y % TCE	x	x
	Climate risk factor	Climate tail risk – 10Y % TCE	x	x
	Systems-stewardship	Systems-stewardship spend (%)	x	x

Sustainability Peer Study overview and summary

- We have been grateful for New Zealand Guardians as partners in producing this study. We much appreciated their support, but note that the work is our full responsibility.
- The 15 funds in the peer group for this study were selected for their strong governance, significant size, and thoughtful international perspectives. We have had C-suite attention from these funds at a time when CEOs, CIOs and Sustainability leads are facing unprecedented pressures on their time. The key discoveries came from long conversations alongside the survey analysis.
- One key lesson from the study is that the majority are shifting their sustainability approaches, but each focus area is different.
- The breakthroughs relate to significant progress linked to step changes which require resources an individual Asset Owner does not possess alone.
- These organisations are enormously important to the futures of people and planet. From great power comes great opportunity.
- We have applied a systems perspective to help the understanding of the ecosystem of asset owners.
- Systems thinking, as an evolution to 3D investing, involves taking account of all relevant moving parts (uncontroversial), examining all the connections (trickier) and the multiple forces affecting organisations in their progress on mission (very tricky).
- The Total Portfolio Approach and system design principles are behind the major themes in the study in this report
  - Every fund has the challenge of producing outcomes affordably, securely, sustainably and systemically in a uniquely balanced way.
  - Systemic risk is rising with factors like climate change and geopolitics and the risk model may need to evolve into a Risk 2.0 form based on wider, softer, longer principles
  - The sustainable finance narrative is premised on the principle that '*the returns we need can only come from a system that works'* which centres on the systems-level (3D) investment model
  - *'The soft stuff is the hard stuff*'. Culture, governance, teams and talent; and technologies; all add up to create organisational differentiation and the org-alpha we define in this work
- Asset owners are recognising the sustainability of capital formation relies on the resilience of their organisation – dynamic decision-making, agile organisational design, better strategy and stronger risk frameworks will all play their part.
- The design of resilience represents a big task for strong AOs in 2026 – partly definitional, partly strategic, partly measurement.
- The Study advanced suggestions on what will be key elements of system level investing. The challenge is managing the internal pace of change in response to external shifting erratic geo-politics to ensure sustainable long-term capital formation. Mega Asset Owners like these in the study are forerunners and 'Middle' Asset Owners would do well to take note.

Roger Urwin & Monique Mathys-Graaff

WTW & Thinking Ahead Institute | December 2026

Thank you

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